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THE UNEMPLOYED

OLD POLICIES AND NEW

BY

RONALD C. DAVISON

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PREFACE

THE primary purpose of this book is to review the measures adopted in Great Britain for relieving and assisting the unemployed during the twenty eventful years since 1909. There is, at present, no such record available, except scattered through the pages of many official publications. The object has been to write a narrative of events, to sum up and report progress, rather than to make an exhaustive statistical study of any particular phase of unemployment.

An outline of the earlier history before 1909 has been given in order to show the evolution of thought on the subject and to link the present with the past. This is followed by an examination of the policy and practice of relief works, a description of the original Unemployment Insurance Scheme (1912), the Out-of-Work Donation Scheme (1918), and the post-war measures for the resettlement of workers, thus leading on to the extended Insurance Scheme of 1920. The effects of the Blanesburgh Report and the amending Insurance Act of 1927 are explained.

In the later chapters of the book the modern tendency to regard unemployment as a single

phenomenon attributable to one general cause, trade depression, and susceptible to one cure, is, in a measure, challenged. The need of greater differentiation between the many types of unemployed persons is urged. On the constructive side certain methods of regulating employment are discussed, and particular attention is given to the training schemes started by the Ministry of Labour since 1925. Finally the Industrial Transference Board's report and the baffling problem of the surplus workers in the coal and other depressed trades are considered.

The writer's thanks are due to those friends who have helped to revise the manuscript of the book, and particularly to Mr. H. C. Emmerson.

R. C. DAVISON.

LONDON
November 1928.

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INTRODUCTION

It is one of the assumptions of social life that every able-bodied man has an opportunity of earning a living, yet, in this twentieth century, involuntary unemployment is a universal evil which shows no signs of abatement. To-day, in Europe and America, the problem is in the forefront of domestic issues; never before has it attracted so much attention from economists, legislators, administrators and students of social questions. Naturally many books have been written on so burning a topic, and, naturally also, most of them have dealt with the fundamental issue of prevention. In their search for a cure for unemployment, qualified writers have studied the problems of over-population and have ransacked the mysteries of national and international finance. No one would wish it otherwise, for there is no remedy like prevention, if that is within human attainment. But no attempt will be made in these pages to add to the literature on this branch of the subject.

There is, however, always with us the other and not less pressing problem of how to treat the actual victims of unemployment, and, so far as practical measures go, this has been the chief object of legislation and experiment in Great Britain. It is the purpose of this book to trace the evolution of such measures up to the present day and to discuss their successes and failures.

The importance of the subject needs no emphasis. Month by month, for eight years since 1920, the official census has disclosed a million or more unemployed in Great Britain, and so persistent is the figure that, whatever politicians may say, it can no longer be regarded as merely a passing phenomenon. Faced with the immediate problem, the State has already, in these years, built up a new equipment, almost a new social code, for dealing with the worst effects; but no one claims that finality has been reached. The question of the day is how to increase and improve the remedial measures; how to build on the bare foundation which has, with so much difficulty, been laid. Fortunately, knowledge is increasing in proportion to need. Thanks to the wealth of statistical and narrative information published by the Ministry of Labour, the subject can now, for the first time in our history, be studied with something like definition. Distinctions can be made between unemployment which is due to the ordinary fluctuations of industry, or to the normal ebb and flow of labour personnel, and that which

is due to the special contraction of employment in a trade like coal-mining or in a district like Barrow-in-Furness. Also the diagnosis reveals a hard core of unemployment due to or, at least, largely associated with, the personal deficiencies of a residue of would-be wage-earners. To this latter class, whose special needs have been rather overlooked in recent years, attention will be given towards the end of this book.

First, however, it is necessary to review, from the standpoint of 1928, the past and present policies which have been adopted for relieving the necessities of the unemployed as a whole. The main task is, of course, to trace the evolution of the State Unemployment Insurance Scheme from its small beginnings in 1912, but this only covers a part of the field. Other remedial or palliative measures, such as public relief works and Poor Law relief, must be included, and they have a longer history.

To the present generation the absorbing events of the last ten years fill the scene. They include the resettlement of the population on a peace footing, the onset of the great post-war slump in trade, the first nation-wide experiment in State-managed unemployment insurance, the first recognition, in the spirit, if not in the letter, that unemployment is a national responsibility, and the first attempt to provide a subsistence as the honourable right of workers who are genuinely seeking employment. But these modern developments have their roots

in the past. The sweeping character of the last-mentioned principle is not simply due to the adoption of the Unemployment Insurance Scheme, but rather to the war-time wave of generosity towards our civilian armies and to the ample pledges given by the Ministers who conducted the War. Unemployment Insurance itself is attributable, not to the War, but to the new scientific spirit which had invaded social reform in the great Liberal decade before the War. That in turn had its roots in the Victorian reaction against the deterrent Poor Laws of 1834. There are, therefore, still some lessons to be learned from the study of past experience of unemployment.

The aid of history is involved, not so much because each generation has learned from the errors of its predecessor, but rather because each generation has arrived at a different diagnosis and a different prescription and has handed them on as a legacy to the future. It is broadly true that, after due experiment, each medicine has been found to have some virtue, and none has been wholly abandoned. Therefore, the effect of time upon the methods of treatment has been cumulative, rather than selective. Finally, since the year 1920, all previous prescriptions, good or bad, have been applied in some degree, together with one or two new ones devised for the occasion. Here is a list of eighteen post-war methods of dealing with unemployment :

Private charity.
Poor Law relief (indoor and outdoor).
Relief works with and without Exchequer grants.
Emigration.
Trade union insurance.
Systematic short time.
National Unemployment Insurance.
Institutional training both of disabled and of fit men.
Training with employers.
Juvenile Unemployment Centres.
Women's training.
Land settlement.
Afforestation.
Road construction.
Land drainage.
Trade Facilities Act.
Export Credits Act.
State subsidy to an industry or part of an industry.

Of these remedies, at least the first seven had all been tried before the War, and the first three, *i.e.* charity, Poor Law relief, and relief works, had all been condemned either as inadequate or actually harmful. But they show no sign of disappearing from the list, and are, indeed, freely resorted to in each recurring crisis.

THE UNEMPLOYED: OLD POLICIES AND NEW

CHAPTER I

Historical Retrospect

1. The Unemployed in Early Times.—In England the early attitude towards unemployment is reflected in the mediaeval Poor Laws and in charities, two institutions which were not always clearly distinguished. Both were imbued with the teaching of the Church that, as we are all members one of another, money relief could be given and received as an act of piety, and work for wages could be provided for the able-bodied unemployed without the accompaniment of penal or deterrent conditions. Relief works in the modern sense were unknown. The professed object was to assist the individual to a permanent recovery of status or, indeed, by the method of technical training, to enable him to rise to a higher industrial level than before. Thus the Poor Law of Elizabeth's reign enjoined the parishes to supply the able-bodied with

all kinds of raw materials for their useful labour—flax, hemp, or wool for spinning and weaving, iron and timber for handicrafts, and even land for cultivation. And who will nowadays condemn these methods? In a sense there is a real analogy between the simple Elizabethan attitude towards the problem of the unemployed and that which we are being driven to adopt three hundred years later. But there are dark ages in between.

In general the Reformation put some check to almsgiving, but it left a humane Poor Law, at least so far as the legal powers and duties of parishes were concerned. Local administration was another matter, and, doubtless, the lack of central control led to widespread failures. Churchwardens, overseers, or beadles did much as they pleased. Some were corrupt, others just; some harsh, others generous. Uniformity was unknown and unattempted. By the year 1700 the country seems to have been groaning under a plague of roving vagabonds. By that time also the sterner views of the Puritan moralists were rapidly displacing the easy-going kindliness of the sixteenth century. In their approach to the problems of pauperism and unemployment the reformers of those days felt a growing perplexity. Reluctant to give money to the undeserving, they were yet at their wits' end to devise any effective ways of putting them to work. At the same time the Puritan middle class was emerging, with all its rigid views on independence, prudence,

steady industry, and individualism. That it was a duty to succeed in life was a part of their religious faith. Indeed, to them material welfare was an outward sign of an inward and spiritual grace. These were the first modern "business men," and they were prospering at last after years of struggle against the ecclesiastic and civil government of the Stuarts. Many of them were bankers and employers. Most dutiful themselves, they expected a high standard of character and service from their workpeople and inferiors.

A vivid picture is afforded of views current at the time in a report by John Locke, the philosopher, who was one of the Commissioners of the Board of Trade in 1697. He says that, in spite of the laws, the streets were swarming with beggars and idle vagabonds, and he bewails the relaxation of discipline and corruption of manners in his day. "Virtue and industry being as constant companions on the one side as vice and idleness are on the other." This is how John Locke proposed to deal with idle vagabonds :

"That all men, sound of limb and mind, begging in maritime counties out of their own parish, shall be seized by an officer of the parish or by an inhabitant and brought before the next J.P. and be sent, not to the house of correction (since those houses are now . . . rather places of ease and preferment to the masters thereof than of reformation to those who are sent thither) nor to their places of habitation (since such idle vagabonds usually name some remote part, whereby the county is put to great charge, and

they usually escape from the negligent officers before they come thither, and are at liberty for a new ramble) ; but, if it be a maritime county as aforesaid, that they be sent to the next seaport town, there to be kept at hard labour, till some of H.M. Ships coming in, give an opportunity of putting them on board, where they shall serve 3 years under strict discipline at soldiers pay."

The same fate was suggested for a neglectful beadle of beggars, if a lusty man and under fifty. On the other hand, Locke admits a certain amount of begging by licensed and badged beggars in their own parishes to ask alms at certain hours of the day to be appointed by the Guardians. A beggar who counterfeited a licence would lose his ears for a first offence and be transported as a felon for the second.

Then he has some interesting things to say about children. All those between three and fourteen are to be taken away from pauper parents and put to working schools (chiefly for spinning and knitting).

" We do not suppose," he says, " that children of 3 will be able to get their livelihoods at the working school, but we are sure that what is necessary for their relief will more effectually have that use if distributed to them in bread at school. . . . What they have at home is seldom more than bread and water and that, many of them, very scantily too. If, therefore, they have, each of them, their belly full of bread daily at school, they will be in no danger of famishing, but, on the contrary, they will be healthier . . . and to this may be added, without any trouble, in cold weather, if it be thought needful, a little warm water gruel, for the same fire that warms the room may be made to boil a pot of it."

It is pleasant to see that the great philosopher could stoop to these trifles, but he wrote this as a civil servant, and, possibly, he was responsive to some anti-waste campaign of the moment. One fact his report brings out is that, whatever defects there were in the old methods of treating unemployment, the prevailing ideas in the seventeenth and eighteenth centuries were not sentimental, and were inclined to be harsh, if not brutal. In fact, it was in the application that their schemes broke down. Administration was decentralised, and local authorities, especially in rural areas, were often too stupid, too independent, too corrupt, or perhaps too humane, to preserve the uniform rule of strictness.

In view of the rediscovery in the year 1925 of industrial training as a means of restoring the employability of the younger unemployed men, it is worth adding here a reference to the scheme for schools of industry introduced by William Pitt in 1797 as a measure of Poor Law reform. Pitt's proposal, which was said to be based on the suggestion of Henry Fielding, the novelist, was that schools of industry should be set up for the teaching of handicrafts to all unemployed adults and to the children of the poor. No poor relief was to be given save to those who accepted the offer of training and work in the school. Tools and raw materials such as wool, iron, leather, or flax were to be supplied at the cost of the rates. But the scheme was stillborn, being killed by the opposition of Jeremy Bentham

and of certain members of Parliament who followed his lead.

2. The Nineteenth Century.—In the course of the Napoleonic struggles and at their close, war produced the usual economic dislocation, and unemployment became acute in Great Britain. Agriculture was at a low ebb ; prices were high, and the rural population suffered conspicuous distress from 1796 onwards. The manufacturing districts were in no better case, and the painful effect of substitution of machines for men was beginning to make itself widely felt. Then for the first time unemployment of the modern types was clearly revealed. It was not only a moral, but also an industrial problem, though this was far from being recognised at the time, or, if recognised, was ignored. A government, while it is waging a great war, has no time for nice adjustments of social and economic theory. Violent measures prevail, and if money will tide the country over the emergency, any amount of money will be forthcoming. Reflection, repentance, and economy belong to the post-war mood. To keep their peoples quiet was the first thought of all France's neighbours and enemies in 1796. Revolution at home was a bogey which gave England's Ministers no peace. Accordingly an Act was passed encouraging the relief of distress by the distribution of out-relief to people in their own homes. The annual cost of relief was promptly doubled and remained at over seven million pounds a year for

thirty years. Local rates frequently rose as high as 19*s.* in the pound, particularly in agricultural districts, with the result that many farmers were themselves brought to ruin by the burden of taxes.

But the notorious features of Poor Law administration at this time were due, not only to wholesale dole-giving, but also to the besetting desire to require some task of work from the recipients. Indeed the unconditional giving of out-relief in money was the least of the evils ; it would probably have saved the country, both in money and morale, if it had been the only method. By no means the worst device adopted was to collect the unemployed each day and direct them to sit and do nothing, or to confine them in a gravel pit.[1]

But most of the parish authorities went all lengths to secure that work, any work, was at least nominally performed by the relieved persons. They harnessed the unemployed men to parish carts, and an overseer in Kent made an unemployed shepherd walk twenty-six miles every day for his money. The authorities were not only prepared to provide parish employment (where any could be invented), but they were happy to subsidise wages of men and women who were working for farmers and private

[1] Such methods are still possible. In the early part of 1926 the Norwich Guardians were paying out-relief to about 750 able-bodied men. These men were required, as a deterrent, to attend at certain depots more than three miles outside the city. There the men were not put to do any work, but were locked in from 9.15 A.M. to 4.15 P.M. on four days a week. A depot consisted of a rough shed without seating of any kind. The men simply stood about for the seven hours of their detention.

employers. In effect parish or municipal work was hard to create to order and was always expensive in the performance. Nor has a century of years made any difference. Now, as then, the central government urge the setting of the unemployed on local relief works, and now, as then, the local authorities reply that they are at their wits' end to discover any opening for useful work which is not already within the scope and capacity of their permanent staff.

Recourse to other means was usually necessary, the chief being :

(*a*) The Allowance system, under which a family scale of subsistence was sanctioned by the magistrates. To any man whose earnings fell short of this " living wage," the parish made up the balance.

(*b*) The Roundsman system, under which the parishes sold their pauper labour to ratepayers at a certain low price and then made up the difference between that and the scale allowance.

The consequence of these misconceived efforts to secure the means of maintenance to all, without departing from the principle of requiring work, was that, over a large part of the land and in the agricultural industry, which occupied two-thirds of the population, the labourers were chronically underpaid and under-employed. Not only they, but their employers were demoralised by the scramble for

cheap parish labour. Poor relief and wages cannot be mingled.

In due course the famous Poor Law Commissioners of 1832–4 took drastic measures to bring Poor Law administration back to the path of economy. Then was the full flowering of the Puritan seed. By their action both labourer and farmer were promptly cut off from doles. They set out two main principles :

(1) That relief should not be offered to the able-bodied and their families except in a workhouse ;

(2) That the lot of the able-bodied should be made less eligible than that of the lowest class of independent wage-earner.

Not that they expected the wholesale entry of labourers into the workhouse. That would indeed have brought the whole plan to ruin. But the deterrent effect of the workhouses, even if they had been well regulated, which they were not, could be relied upon to discourage any applications for relief, except from social outcasts and those who had sunk to the last stage of indigence and despair. Only destitution was provided for ; unemployment was ignored, and the genuine unemployed were left to shift for themselves.

3. The Failure of Repression.—To a large extent the Commissioners succeeded in their object. Agricultural employment was restored to a saner

economic basis, and rural districts were purged of out-relief. But in the towns they had overshot the mark. There, unemployment was a genuine economic disease, and no amount of the moral medicine would do much good. Special permission had to be given to London and other towns to resume the payment of out-relief as one of the means by which the new Guardians could assist the destitute unemployed. Not that it was given for nothing. The test of work in the labour yard or stone yard was formally insisted on and was itself a deterrent. In districts of strict administration it involved harder physical labour for much smaller remuneration than would be required in any ordinary wage-earning job outside. But for the most part administration was lax and, to a gradually increasing extent, the enforcement of this penal labour became something of a sham. Each man did as little as he could and nothing at all if he was not being watched. Picking oakum and stone-breaking are not elevating tasks, and it is not surprising that the output of a labour yard in a given week should be found to have cost the Guardians anything from five to ten times as much as it would have done in the ordinary market. None the less that was the price which society in the last century was willing to pay in order to make men work or pretend to work for their relief. The outdoor labour yards dragged out a long life, until they were exposed by the Poor Law Commission Report, 1909. In fact, test work as

a condition of out-relief still survives to-day, and a task of work is still imposed in the casual wards.

The same plan of a test of work and a task was applied throughout the nineteenth century to those of the unemployed who were prepared to accept relief in the workhouse (indoor relief). These institutions were of two types: the general mixed workhouse, where the pauper women and children and aged were also kept; and the specialised test workhouse, which was confined to the use of able-bodied men. Two conspicuous examples of the latter, one at Poplar and the other at Kensington, were a byword of dread among the destitute, the vagrants, and others whose economic independence was always shaky. Practically, they were penal institutions, and the labour yard and casual ward were in the same class. They were patronised by the criminals, the deficient, and the vagrants, but never by the respectable unemployed, except those whom misfortune had brought very low. None but those whose sensibilities had been blunted by misery, or who for any reason were reduced to hopelessness, would enter them, and few of these would stay more than a week. That they were used at all only shows how difficult it was to carry out the famous principles of 1834. But so wretched at times are the conditions of the lowest class, that not even penal treatment would deter them from every now and again casting themselves on the mercy of the Guardians. Moreover there was no knowing what

standard of life should be assumed as belonging to the lowest class of independent labourer (see the second of the two principles of 1834 set out above). Was he a man in steady employment? If so, the workhouses, etc., would have been a paradise for thousands who were never again likely to know a steady weekly wage. Was he a casual labourer with one day's work a week? Even that standard might be too high.

The actual tasks of work were seldom the most distasteful part of the conditions, but they were none the less difficult to justify. Either the work, *i.e.* the product, was necessary or it was unnecessary. If the former, the articles or services could be better obtained outside and far more economically. Moreover to withdraw these orders from ordinary business tended by so much to create unemployment among the persons ordinarily employed in that line. If the product was unnecessary, the whole requirement amounted to no more than an expensive means of punishing a submerged class of outcasts. These objections to task work are as sound in the twentieth as they were in the nineteenth century.

The deterrent policy of 1834 enjoyed a great immediate success in keeping down the figures and cost of rural pauperism, but it broke down as each of the recurring industrial depressions caused conspicuous unemployment, which no one could attribute to the personal defects of the unemployed. Public opinion outwardly admired, but inwardly distrusted

the reformed Poor Law, and disbelieved the authorities who, in every crisis, asserted that the Boards of Guardians could handle the distress without outside interference or supplementary provision. Too many people had personal knowledge of individual hard cases which had shocked their sensibility.

The Commissioners of 1834 had set their faces against any further mingling of relief with wage-earning, but, in their zeal, they had literally swept away all provision appropriate for relieving genuine involuntary unemployment, and thereafter, for the long period of eighty years, the nation stood, haunted at times by an uneasy conscience, but unwilling to relax the Poor Laws and baffled as to any other remedy. Naturally charity stepped in to fill the gap, and naturally it failed.

One other contribution to the problem was indeed made by the Government, and that was to return somewhat sheepishly to the policy of relief works. A separate chapter on this subject will follow. There was, however, a third and better remedy devised in these years. Contrasted with the sterility of governments and the uncertain interventions of charity, the scientific provision against involuntary unemployment which the trade unions invented for themselves stood out like a beacon.

There are then relief works, trade union insurance, and charity to be considered as three

important factors outside the Poor Law. The greatest of these is not charity, but let it be taken first.

4. Private Charitable Institutions.—At each recurring crisis of unemployment, from 1860 onwards to 1911, Mansion House Relief Funds were opened or similar appeals made. The money was spent, and may, on balance, have done more good than harm, but that is the best to be said of it. Sometimes it was merely scrambled for ; thrown to anyone who, at a first glance, did not look too respectable. Sometimes it was doled out in more orderly ways.

The best considered efforts seem to have been those which were conducted by the Charity Organisation Society or under its influence. That Society, which was founded in 1869, was permanent ; its local secretaries were among the few who, before 1900, had wide experience of working-class conditions. True, they usually enshrined the principles of 1834 even above the Ten Commandments, and the kind of people they helped had to be so very "right" that there was a wide gap between those judged to be deserving of charity and those who were fit subjects for the Poor Law Guardians. But the Charity Organisation Society help was thorough. They knew that nothing but individual treatment was of any use for chronic cases of unemployment. Money was seldom given, but a man who was deprived of his craft through the loss or sale of his

kit of tools might be re-equipped. Others might be restored to their trade union through the payment of arrears of contributions. Some families were emigrated and given a fresh start overseas. Whatever its faults, the Charity Organisation Society of pre-war days played a notable part in adding to our knowledge and in applying its acid tests to all the ambitious schemes of social reformers. The Society knew what it was talking about at a time when the ordinary citizen and even the ordinary statesman was ignorant, sentimental, or indifferent. In the last decade of the nineteenth century and the first decade of the twentieth, the terms "Workshy," "Weary Willies," "Unemployable," came into current use, and they were used, not facetiously, but in deadly earnest to describe the whole of the unemployed in a lump. To-day the same prejudiced sentiments are occasionally to be heard, but they are no longer taken seriously. In the 1890's most people who were not themselves of the working class, were of this habit of speech and were unconscious of any injustice. They were wrong. A vast amount of distress existed in the homes of the better class of worker in each recurring depression of trade, and even in normal times. But it was not in evidence; it was not measured. Indeed, faced with the Poor Laws and an unsympathetic public, it naturally kept out of sight as much as possible. Only a small proportion, not more than one twelfth part, of the wage-earners,

were covered by the schemes of trade union insurance against loss of work, but the very existence of these impressive but small-scale efforts at thrift was seized upon as ground for the easy assumption that they were the usual resource of all respectable and industrious artisans. Assumptions, not facts, were the order of the day before 1909. Indeed, it was not until after the extension of State insurance in 1920 that there were any comprehensive figures or data which would really enable the public to know how many and of what sort were the unemployed.

The periodic revulsions from hardness or easy invective to alms-giving, in days of admitted depression and distress, were consistent with nothing except the British character. On these occasions the poorest types of unemployed, singly or in daily processions, gleaned a precarious harvest of pennies. Similarly the Salvation Army, the Church Army, etc., collected on these occasions a large part of the finances with which they ran the labour yards or workshops for the so-called unemployed. In fact their clients were almost wholly types of human wreckage, tramps or persons who were sub-normal in their moral or physical equipment. The Salvation Army "Elevators" acquired some notoriety for a time. To these any apparently destitute applicant who came along could be admitted. On the ground floor he was set to do hard task work at chopping wood or the like. No wages were given, but only

lodging and a little food. If the applicant survived this test, he was moved up one floor and set to a rather less severe task. If he proved worthy here, he received a rather more generous supply of food tickets. Above this was another floor for which only the most elevated were eligible. In addition to all this and permeating it, was the Army's religious appeal. Who shall say that the Salvation Army had not and has not still its successes? But as a scientific contribution to the study of unemployment its methods had no particular value.

Private charity is still a recognised way of relieving unemployment, and a brief postscript may be added here, bringing the record of charitable provision up to date. Consideration of some of the best known sources of private aid suggests that, in spite of the immense development of State insurance and Poor Law relief, etc., a much larger sum is now being dispensed to the unemployed by private charities than in pre-war days. The War is, of course, the explanation. From it have sprung a multitude of new charities, by far the largest being the British Legion, with its administration of what remains of the millions subscribed to the Prince of Wales' Fund. It seems that the British Legion distributes to-day not less than £200,000 a year, and, though the annual accounts do not label this money as being entirely devoted to the relief of unemployed ex-service men, it seems certain that unemployment is either a cause or a symptom in

almost every case of distress which is assisted. If the annual outgoings of other private charities, post-war and pre-war, including the Salvation Army, are added to the £200,000 from the Prince of Wales' Fund, a total of over a quarter of a million pounds[1] may safely be assumed to be spent annually in voluntary relief of unemployment at the present time.

5. Provision by Trade Unions.—Mutual insurance by men of a craft was, and perhaps still is, the most unexceptionable of all means of providing against the contingency of involuntary unemployment, and it is a plume in the cap of the workers of this country that they should have built up so impressive a structure of trade union insurances for the purpose, and should thereby have pointed the way to the State to adopt the same idea of collective provision on a national scale. Their object in the payment of out-of-work benefit was not only to protect the wage-earner and his dependents against destitution, but also to protect his standard of wages and his industrial status. The outer world is still insufficiently aware of the fatal ease with which a craftsman may, during periods of distress, be tempted or forced to abandon his craft and apply for a job which casts him down into the heterogeneous ranks of unskilled or even casual labour. But trade unionists know it and dread it and provide against it so far as they can.

[1] Not including the Mansion House Fund, raised in 1928 for relieving distress among unemployed miners.

For a hundred years before the coming of the extended State scheme in 1920, trade union insurance was the one bright spot in the record of the treatment of unemployment. The practice spread, and by the year 1893 as many as 682,000 members of trade unions were covered by such insurance in one form or another, mostly in the metal, building, textile, and printing trades. Ten years later the number of trade unionists so covered had risen to nearly one million. In some cases out-of-work pay amounted to 10*s*. a week for the first twelve weeks and 6*s*. for the second twelve weeks, and it is to be noted that 10*s*. in those days was about equal to the 18*s*. which was drawn as benefit by single men without dependents insured under the State scheme between 1924 and 1928. The general policy was to fix a " waiting period " of days during which the unemployed member could draw no benefit, followed by a maximum number of weeks for which benefit could be allowed.

Sometimes the unions gave travelling benefit as well, to enable men to move freely about the country in search of fresh employment, but this kind of provision was so open to abuses that it was only rarely continued. Generally speaking, the trade unions knew very well how to prevent malingering, and probably they are still in a better position than the officials of Employment Exchanges in this respect. It was, of course, vital to their schemes that the union machinery should also function as a work-finding agency. Not only were opportunities of

employment made known to the unemployed members of a local branch, but one branch would notify another of any serious shortage of skilled labour. In some trades, such as printing, employers made, and still make, a practice of applying direct to the union for any additional men they want.

One blessing which the skilled trades have incidentally derived from their trade unions is that they have never been seriously burdened, even before the days of State Employment Exchanges, by the private fee-charging employment agency. Such parasitic institutions flourish in thousands in the United States, where trade unionism works, so far as it works at all, on different lines. In 1919 New York possessed not less than 1500 agency businesses, and their total drain on working men's wages must still amount to a high figure. Even as a political factor they had to be taken into account, for when they saw their vested interests threatened by a permanent system of Federal Employment Offices, they joined energetically in the campaign which ended in the suspension of the war-time Federal Employment Service in 1920.

At one time it seemed as if the method of trade union insurance against unemployment might play a far larger part in our own national equipment. In the years 1908 to 1910, when the first scheme of State Unemployment Insurance was being prepared by the Board of Trade, many voices were raised in favour of the method known as the Ghent System,

applied in Belgium and elsewhere, by which a municipal subsidy was paid to associations of work-people paying out-of-work benefits. Even the Minority Report of the Poor Law Commission advocated this course, and trade unions, possessing a natural pride in their own creation, were suspicious, or even hostile, towards the idea of an independent State scheme, such as was known to be in the mind of the Government.

Ways were, however, found of reconciling the new State scheme with the best interests of the trade unions. In the Unemployment Insurance Act, 1911, the latter were recognised as agents for the payment of State benefit, the chief condition being that the association (trade union) must have an effective means of ascertaining vacancies and of placing its unemployed members, and must provide from its own funds certain minimum benefits in addition to the State benefit. These facilities were continued by the Unemployment Insurance Act, 1920, and, under section 17 of that Act, the Ministry of Labour have, at one time or another since 1920, made arrangements with upwards of 240 associations covering 4,000,000 members. In this way the craft unions were enabled to function instead of the Employment Exchanges, so far as their members were concerned, and the effect of compulsory State insurance has been, not to destroy the existing voluntary schemes, but greatly to encourage their further extension. Voluntary insurance against the

risks of unemployment is still, therefore, an important factor.

But the point to be stressed here is that it was the introduction and acceptance of the principle of contributory insurance by the craft unions which pointed the way to the present national compulsory scheme covering 12,000,000 workers. Without their initiative, it is doubtful if so ambitious a scheme would ever have been framed or enforced. As will be shown in later chapters, trade union rules and practices have been freely copied by the authorities in framing the official scheme, and have been officially defended against critics on the ground of their origins. It is well, however, to note that some features, implicit in the trade union precedent, such as the principle of separate insurance by industries, have not been incorporated in the State scheme.

CHAPTER II

Relief Works

Nineteenth-century governments were careful walkers after the precepts of 1834, but they found the principle of "less eligibility" rather hard to live with, so long as it meant the offer of "the House" or of test work. They therefore came back to relief works and, by degrees, their experiments became a habit which has remained fixed up to the present day. However sternly we may reprobate the schemes of parish employment in the unregenerate days before 1834, our post-war relief works are a link with the past, as was shown by a recent official report which ingenuously related how, in 1926, relief workers repairing a Yorkshire road came upon a tablet inscribed with the message: "This road was made by the unemployed in 1826."

1. Definition.—Relief works are undertakings put in hand by public authorities with the express purpose of creating employment. Their general aim may be to exact a task of work from the unemployed or to provide a stimulus to trade or to

relieve the poor rates or, finally, to facilitate the transfer of surplus labour from one area to another. They have usually been municipal works and have been financed by loans, with or without State aid. The undertakings are selected with a view to making as large a use as possible of the simpler forms of manual labour, so that the work can be performed, after a fashion, by almost any normal man. The work may be necessary or unnecessary; it may be useful here and now, or in anticipation of a future need, or invented *ad hoc*, simply in order to provide temporary employment. Typical work is the construction and repair of roads, urban or agricultural drainage and anything which is done chiefly with the pick and shovel. Relief work is not test work, though the distinction is not always as clear as it should be. Test work still survives in some Poor Law unions as a deterrent or punishment to those on out-relief, but no wages are paid and there is no contract of service. In relief work there is a contract of service with the employing body and wages are paid, though the remuneration has, as often as not, been below the recognised rate for labourers and the spells of work for each man have usually been cut down to a few weeks, or even a day or two a week, in order to spread the relief over as many men as possible, or in order to leave men free to look for ordinary employment.

The Poor Law Guardians are commonly asso-

ciated with the works in some way, though in Great Britain, since 1834, they have not themselves had the power to spend any of the poor rates on ordinary employment at wages, except in the maintenance of their own premises.

These definitions are admittedly somewhat arbitrary. So diverse are the experiments which have been tried in this country and abroad that a complete analysis might run into many pages of description. The intention here is, first, to indicate the prevailing type in Great Britain and then to record the principal developments in the last hundred years which have led up to relief works in their latest phase.

The astonishing thing is that they should have endured so long. About the middle of the last century (1850) probably every informed person would have said that relief works were dead and damned for ever in England. Not only had there been the fantastic schemes of parish employment between 1800–34, and the forbidding strictures of the Poor Law Commissioners thereon, but everyone knew what a failure—even farce—had been the national works in the Paris Commune of 1848, and how dismal had been the record of the various schemes of work tried in Ireland from the year of the great famine (1846) onwards. A few words about these experiments in France and in Ireland may at least be of historical interest, though the schemes themselves contain no peculiar lesson for us now.

2. The Paris National Works.—These works are usually associated with the name of Louis Blanc. The French Provisional Government which held office immediately after the successful Republican Revolution in February 1848 was confronted by a commercial panic and considerable unemployment. Something had to be done to keep the workers quiet, and Louis Blanc rushed his colleagues into a proclamation of the Right to Work. They did not like it; most of them were moderate men and held Louis Blanc to be an extremist. So reluctant were they that they practically nullified their own edict by refusing from the first to set up any machinery to implement it. In place of such machinery a Labour Commission was established at the Luxembourg under the presidency of Louis Blanc, without any executive power. Having thus side-tracked their *enfant terrible*, the Government, through the Minister of Public Works, tried to make as little as possible of their rash proclamation. Of course the amount of available work that could be discovered or improvised was ludicrously insufficient. Never more than six thousand men seem to have been put to employment. These received 2 francs a day. A free dole was the only alternative to stave off the disaffection of the rest of the Paris mob, and the Government promptly decreed that 1 franc 50 a day should be paid out to each man by the Maires. Three months afterwards there were 120,000 men in receipt of relief. Of these 20,000 had been lured

by the dole to desert their ordinary employers and 12,000 had flocked into Paris from the provinces. Emile Thomas, the director of the scheme, did his best to organise the unemployed army, but he was not supported. After four months the Government were so alarmed at the financial and political consequences of what they had done that they arrested the unfortunate director and broke up the whole scheme. But they did not escape the consequences: there followed the Barricades, a week's bloody fighting, and 16,000 casualties. Meanwhile Louis Blanc, who cannot fairly be saddled with responsibility for the futilities of the national works, had been starting a number of co-operative workshops on far better lines, chiefly outside Paris. Ten years later, twenty of these schemes were still flourishing. They constituted a serious constructive effort to check the evil effects of the new industrialism, but the national works were never given a chance, being less an economic than a temporary political expedient. Undoubtedly, however, they have always been held up as a warning against relief works, and they are still quoted to-day by those whose dislike of any intervention by the State is greater than their acquaintance with the true history of the Commune.

3. Irish Relief Works.—The exceptional distress in Ireland from 1846 onwards was due, not to trade fluctuations, but to failure in the food supply, chiefly potatoes. For nearly fifty years schemes of relief were being administered, off and on, in the

west of Ireland. Loans were granted to landowners on liberal terms for improving their estates, and Guardians of the Poor were allowed to start works in the hope that these would enable them to discriminate between the really destitute and the merely poor. But such employment was eagerly sought after by the whole population, and the authorities had to make the rueful admission that repairs to roads were no test of destitution or even of poverty. Later the Irish Local Government Board took a hand, and instead of employing paupers as gangers, borrowed from the War Office the services of non-commissioned officers of the Royal Engineers. But the improvement was slight and the inefficiency persisted. Need we wonder when it is stated that the wages for men were 1*s*. a day and for women or aged persons 5*s*. a week!

4. The Cotton Famine Relief Works.—Here we come to a far more instructive experiment, in the course of which the authorities, somewhat accidentally, stumbled upon a measure of success.

England learnt a sharp lesson in the economic interdependence of countries and continents when, in 1861, the supply of raw cotton from the Southern States of America was suddenly interrupted by the Civil War. In a few months Lancashire's trade was paralysed, and by November 1862 half a million people were suffering acute distress. Yet so profound was the respect for the principles of 1834 that for as long as two years (1861–3) no public

provision for the unemployed cotton operatives was made save through the Poor Law. But it was a relaxed Poor Law, and charity stepped in, with the blessing of the Poor Law Board, to give further expression to public sympathy by shouldering something like half the burden, and relieving some quarter of a million people. Out-relief was granted to another quarter of a million persons on fairly easy terms.

It is interesting, in the light of the modern Juvenile Unemployment Centres and training schemes of the Ministry of Labour, to note that 70,000 girls were employed in sewing schools run by the relief committees and 20,000 men and boys were being taught or were teaching themselves some kind of book learning. These were accounted as performing test work as a condition of relief, but there were still large numbers of able-bodied males doing no labour of any kind in return for their subsistence. The public conscience grew uneasy. As it was obviously the cotton famine, not personal deficiencies, which caused so much prolonged unemployment in Lancashire, the strict letter of the 1834 Poor Law was out of the question, yet to go on year after year doling out maintenance without labour was calculated to sap the energies and morals of that most industrious county. Poor Law inspectors were unremitting in their exhortations to Guardians to find useful manual work (test work) for the able-bodied men, and they also began to report

sympathetically on the request of the workpeople that they should be employed, not merely as a moral exercise, but for wages on works of public and private utility. In the end they were listened to, and in June 1863 an Act was passed empowering the local authorities to raise loans for the new undertakings.

The loan to Lancashire was granted grudgingly by Parliament, and stern critics said it would end in failure and loss. But it so happened that sewerage and street improvements were urgently needed ; it was therefore easy to satisfy the first condition that the works should be of unquestioned utility. No less than 133 miles of streets were improved during the two years 1863 and 1864, and one all-but-immortal monument to the relief works still remains in the granite sets or cobble stones with which so many of the cotton towns are paved.

The scope of the scheme was, however, limited. In the three years of its existence never more than about 8000 workers (by no means all of them cotton operatives) were provided with employment at wages. The inspector, Mr. Rawlinson, said, in one of his admirable reports: "It will be a great mistake to look on this Lancashire experiment as proving that large numbers of men may suddenly be turned from one occupation to another, wholesale." Yet, ultimately, many men were so transferred, and the inspector's disclaimer would be too modest, if it were not for the words "large numbers." Such

success as may fairly be claimed for Mr. Rawlinson's efforts was undoubtedly due to the thoroughness and care with which important details were attended to. Men were divided into small gangs and given a probationary period of training for about four weeks. Then they were put on piecework and encouraged to earn more than the minimum pay. Inefficiency meant discharge. Efficiency meant regular and continuous employment. The vital matter of clothing was attended to by the Relief Committees, who issued suitably stout apparel and heavy boots, indispensable to the proper performance of wet and dirty work. In this respect they knew their business better in 1865 than in 1925. Modern relief works, such as those in the East End of London, usually bring out the contrast between the broadcloth and corduroys of the navvy and the miserable equipment of the relief workers employed by his side.

What the authorities achieved in Lancashire was something essentially different from their original purpose. So well did they organise the works that some thousands of cotton operatives were provided with a new trade. The men's hands and bodies soon hardened to the unaccustomed work. Manipulative skill came with long experience, and in the end many of them adopted navvying or the like as their permanent calling. It was, in fact, an experiment in diverting unemployed men of an educable type from one profession to another—a problem

which is even more pressing in this century than in the last. It also gave something more than a hint that the provision of work for the unemployed, if it is to be of value, must be educational and must aim, not at a mere tiding over, but at the permanent rehabilitation of carefully selected individuals. On the other modern problem of dealing with the chronic unemployed the experiment throws but little light.

5. Mr. Chamberlain's Circular of 1886.[1]—No doubt the not unpropitious venture of relief works in Lancashire opened the door to the schemes which have ever since been a regular feature in times of depression, but the real moral of the experience in 1863–6 was forgotten or was never learnt. When, in the depression of 1886, Mr. Joseph Chamberlain issued a circular putting an official blessing upon municipal relief works, he rejected the only points that were worth having in the Lancashire scheme and insisted on giving to the project the deterrent spirit of the Poor Law. Yet the whole aim of the Local Government Board in 1886 was to relieve artisans and others who were in temporary distress from the necessity of going to the Poor Law, by putting them to work at wages under the local authority. It seems a strange move for so strong a defender of the dignities of local government. Not

[1] For detailed information as to the municipal relief works between 1886 and 1908 the reader is referred to the *Reports of the Poor Law Commission, 1909*, to *Unemployment: A Problem of Industry*, by W. H. Beveridge, 1909, and to *Board of Trade Report*, C. 7182, 1893.

merely did Mr. Chamberlain miscalculate the power of municipalities to create such employment, but he cast a slur upon their business principles. In any case, it argues some confusion of mind that he should have thought that the best way of helping the higher class of workmen was :

(*a*) To send them to the Guardians to apply for the relief work ;
(*b*) To set them to short spells of unskilled work ;
(*c*) To pay them less than the standard wage for such work ;
(*d*) To lay down no standard of competence or output, other than that set by the weakest worker.

As the Poor Law Commissioners of 1909 pointed out :

> " The work in 1863 was commercial employment, the work in 1886 was to be relief employment. . . . Except that the money paid to the workman was called wages and not relief, there was little or nothing economically to differentiate the work in 1886 from the work provided by the guardians as a condition of relief." [1]

Mr. Chamberlain's circular met with a hostile reception from many local authorities of the stricter sort and with the positive anathema of the Charity Organisation Society. But their criticisms were nearly all on the wrong lines. They said it was pampering the poor and leading them to expect

[1] *Poor Law Commission, 1909 : Majority Report*, p. 378.

the State to provide employment as a right; that all distress should be left to the Guardians, aided, with discretion, by voluntary agencies.

What actually happened and what has happened ever since on works of the kind is not that the treatment is too good, but that it is not good enough. The men for whom the relief is intended very seldom apply for it, and if they are driven to it they are so deteriorated that their industrial status is permanently lowered; whereas the lower class of labour, men who only get work for brief spells, simply add it to their list of low-grade temporary jobs by which they subsist. For such men restorative methods alone have any value.

> "To give them relief work on conditions as attractive as their ordinary life is to leave no incentive to return to independence. To make the relief less attractive than their ordinary life is to make it inadequate and degrading."[1]

In later practice two of the conditions of the circular of 1886 fell into disuse: no discrimination was made between applicants and, until its disconcerting reappearance in 1922, the attempt to pay less than the standard rate of wages was more or less dropped. Any idea that the work should be necessary work of public utility was often entirely disregarded, and, indeed, Local Authorities were themselves in the usual dilemma that they could find no useful work for the unemployed which could not be better, and far more cheaply, done by their

[1] *Unemployment*, by W. H. Beveridge, 1909.

own employees or in the ordinary way of a business contract.

As to the supposed beneficiaries, the relaxing effects upon them, and the cynical spirit with which they naturally regarded their tasks may be illustrated by the following recorded conversation between an inquirer and a relief worker engaged in digging up tree stumps in Hyde Park :

" When you have finished this job, what will they give you ? "

" This'll take a long time, guv'nor."

" Well, I suppose it will be finished sometime ? "

" Oh, then, I expect, they'll make us go and bottle off the Thames ! "

During the exceptionally severe trade depression in 1892–3, when the trade union percentage of unemployment rose to 10 per cent., municipal relief works were more extensively resorted to, though only 73 authorities out of 673 thought it necessary to take such action. In this year the Board of Trade, as the industrial authority, began to take a hand in dealing with the problem and issued a report on agencies for dealing with the unemployed, which roundly condemned the methods and exposed the ill results of the Local Government Board's policy. This marks the onset of the long battle of the departments as to the proper allocation of responsibility for unemployment policy. (Even to-day responsibility is still divided.) But, although the report of 1893, by Sir Hubert

Llewellyn Smith, indicated a growing appreciation of the industrial aspects of unemployment as distinct from other causes of destitution, yet municipal relief works continued to waste the public resources for twenty years after 1893 and never more so than in the long period of unemployment and agitation which followed the Boer War. During these years the chief expression of public policy was the Unemployed Workmen's Act of 1905.

6. The Unemployed Workmen's Act, 1905.—This piece of legislation must be taken as a measure of the perplexity which beset the harassed Conservative Government of the day. Unemployment and distress were obstinate facts from which there was no escape, and the failure to cope with them was the unending theme of Labour spokesmen. Indeed the stripling Labour party owed much of its early successes to the growing recognition that unemployment and irregularity of wages constituted a greater hardship in the lives of the working class than any of the other evils of the modern industrial system. Mr. Keir Hardie, "the Member for the Unemployed," and Mr. Will Crooks did their best to awaken the parliamentary conscience. Demonstrations, protests, and processions were the order of the day, and the President of the Local Government Board, Mr. Walter Long, lived laborious days. Mr. Long was scarcely fitted by his experience as a country squire to solve the baffling problems of social economics which fell to his lot.

Nor was his department as well equipped for the task of guiding him as it should have been. It looked at these industrial phenomena too much through Poor Law spectacles, and, in the main, regarded the matter as requiring nothing more than a slight adjustment of Local Government machinery.

Even the agitation and demands of Labour politicians, trade union leaders, and experienced social reformers were unhelpful in so far as they had practically nothing to propose save a larger dose of the same medicine (*i.e.* relief works) as they were already receiving. It is therefore, perhaps, hard to blame the Board or its Minister for coming to the conclusion that more and better relief works should be provided by municipalities, and that the best way of stirring up the laggard local authorities and overcoming the more fractious Guardians was to set up an *ad hoc* body in each area for the special purpose of dealing with unemployment. Thus were born the Distress Committees, some of which still function in 1928. They were a kind of joint committee of the Local Authority and the Board of Guardians, with certain co-opted members who were experienced in the relief of distress. Their main function was to watch the state of employment in their district and act as a sorting house for all cases of distress which came to their notice. On the executive side they could assist emigration or migration, promote labour exchanges, or endeavour to count the unemployed. Except in London, they

could contribute towards the provision of temporary works for the benefit of the *élite* of the unemployed. In London the latter function of providing employment was reserved to the Central Unemployed Body which was to co-ordinate the whole system of Distress Committees in the Metropolis. It was an urban problem, and London was, in fact, the main objective of the Act.

In the first three years of the operation of the Act, one half of the applicants dealt with were in London, and throughout this period only 118 Distress Committees (29 in London) were set up for shorter or longer spells in all England and Wales.

It seems curious nowadays to note that under Mr. Walter Long's Act the cost of relief works promoted by Distress Committees was to come out of voluntary funds, though other expenses could be met out of a penny rate. Thus it was hoped that the committees would be able to avoid the evils arising from "the unregulated provision of work by the municipalities and charitable agencies."[1] But such a hope was naturally doomed from the start, and in less than a year practically all the expense had to be borne upon rates or taxes. State assistance, however, only amounted to £200,000 and £300,000 in 1907 and 1908 respectively. In 1926, though relief works cut no great figure, the Exchequer's share of their cost amounted to over ten times as much as in 1906. Obviously the scale of operations

[1] *Report of Poor Law Commission, 1909*, p. 386.

and the amount of assistance which seemed so impressively large at the time were really diminutive. Up to April 1908 the figures for applications received and entertained were as follows :

Distress Committees in England and Wales, 1905–8.

	Applications received.	Applications entertained.
1905–6 . . .	110,835	73,817
1906–7 . . .	87,001	60,416
1907–8 . . .	90,057	54,613

The contrast between these figures and those of modern unemployment relief is sufficiently striking. Assuredly the inadequacy of public and private provision left a large gap. Assuming an average of not more than 7 or 8 per cent. of unemployment in those three years, there must have been at least 700,000 wage-earners out of work each winter, and, if it were permissible to argue on the analogy of modern figures, not less than half of them suffered long spells of worklessness with practically no resources to fall back upon. The same assumption leads to the estimate that in 1905–8 out of every fourteen genuine unemployed workers, two received some kind of public assistance and one was able to draw out-of-work pay from his trade union. How the remaining eleven supported themselves and their dependents we shall never know, but it is certain that our ignorance covers up a grim page of social history.

Of the applications entertained by Distress Committees, over half were from casual labourers and

another 20 per cent. were from building trade operatives, most of whom were labourers. Thus, instead of being the *élite* of the unemployed, the great bulk were labourers or low-skilled irregular workers whose distress was chronic rather than exceptional. Only a very small proportion of the applicants were able to produce a record of regular employment within recently preceding years. The stigma attaching to those forms of relief was too much for the average artisan. Moreover the Local Government Board surrounded the whole scheme with the atmosphere of deterrence, which showed that they still rejected the idea that unemployment was an industrial problem. Remuneration was to be less than that earned by an unskilled labourer for continuous work, and another Poor Law principle was implicit in the rules limiting the period and the frequency of temporary assistance. Yet, despite these regulations, the workers were to be so treated that, at the end, they should be in a position to obtain regular work. It was clearly a case of telling the Local Authorities to go and make bricks without straw. The Board took no account of the irregularity of employment which, in good times and still more in bad times, is the normal lot of so large a proportion of unskilled labour. Men who had always been of this class or had fallen to it from better things, were glad of another opening for temporary, ill-paid employment which they could add to the

similar precarious openings in private industry. A little digging in the London parks, less than the full stint of work, was readily acceptable to all, and was none the less attractive in that it was limited to sixteen weeks at a spell. Some were capable of little else than this sort of job; others, including all the younger men, who might yet have been rehabilitated, were further demoralised by the lower standards of their fellows. Some, perhaps, would not have welcomed an offer of help if it had taken the form of genuine technical or physical training. Yet this was the only line along which such a scheme of work could be developed with hope of success. Why was it not taken? The question may seem extravagant, as applied to Governments twenty years ago. Even since 1920 we have wasted time and money on much the same kind of local relief works. But the authorities in 1906 had scarcely more excuse than recent Governments. They could have drawn the true moral of the Lancashire relief schemes of 1863, and they had themselves condemned the municipal works of Mr. Chamberlain, which had been a failure, or worse, for twenty years.

Another guide to wisdom, of which they failed to take proper advantage, was the opportune gift of the Hollesley Bay estate by Mr. Joseph Fels, for the use of the London unemployed. Here, if anywhere, the authorities could have given selected men an intensive course of training such as might

have re-equipped many a hopeful case, and might have anticipated by twenty years the Ministry of Labour experiments at Claydon and Brandon (see Chapter VII) in giving definite industrial training to the younger men. But they could see no more in rural Labour Colonies than another device for making relief unpleasant. Many men would withdraw their applications rather than leave homes and London streets for the unfamiliar terrors of a lonely Suffolk farm. Rustication was therefore inflicted and suffered as a punishment, and the colonies were not much more helpful than the prisons masquerading under the name of Labour Colonies, by means of which Germany used to " stiffen " her Poor Law administration for the able-bodied. Not the best, but the worst, or at any rate the less eligible, applicants for relief were sent to Labour Colonies at Hollesley Bay and elsewhere, and, naturally, at the end of sixteen weeks they were returned unimproved, save in bodily health. Their prospects of obtaining regular employment were, if anything, worse than before, owing to their loss of contact with their own obscure corner of the labour market. The officials in charge of the colonies, and, indeed, many local authorities conducting ordinary relief works, were unceasing in their plea that better use should be made of these opportunities for refitting the more suitable men for some kind of employment. They wanted to keep the hopeful cases longer and train them properly. In fact a very small percentage

of men were transferred to rural employment or, by assisted emigration, to land work overseas. Obviously agriculture or intensive farming (as at Hollesley Bay) is not the occupation in which it is easiest to establish the poorer kind of London workman.

The Hollesley Bay Labour Colony still exists, though for some years it has been handed over entirely to the Poor Law Unions of East London. Able-bodied paupers are still sent there to help or hinder the operations of the farm and, after their strictly limited stay, are still sent back to begin again the hopeless round of a little work, a little unemployment benefit, and then a period of relapse on to the rates. The incorrigible or less efficient applicants for relief are still selected for this treatment, and rustication is still looked upon as a deterrent. Here, incidentally, is another proof of the statement that no matter what new methods or principles are applied for assisting unemployment, the old ones persist.

The administration of the Unemployed Workmen's Act was not allowed to hide its light under a bushel. Criticism of the most devastating completeness was soon to show how it worked out in practice. One of the members of the Central Unemployed Body for London was Sir W. H. Beveridge, who, surveying the field as a student of industry, set out in a book,[1] which has become

[1] *Unemployment: A Problem of Industry.*

a classic, the record of three years' experience of the Act. The following quotations from his summing up may be inserted here, not only for their bearing on the problem of the relief works of 1905, but also as a criticism of any policy of relief which ignores industrial disorganisation and attempts to deal only with its results.

"The operations of distress committees may be criticised from many points of view—on the ground of expense; as involving interference with independent labour; as weakening the incentive to self-help or collective thrift. . . . There is weight in all these criticisms. The main criticism is . . . that these operations are altogether misdirected and inadequate."

"The difficulties experienced throw doubts upon the practicability, under present conditions, of any form of public assistance outside the Poor Law. The agencies described have all been so many attempts to give effect to the principle of the ineligibility of assistance, while avoiding the harshness of the Poor Law. All these attempts . . . have substantially failed to make assistance less eligible than independence—simply because of the bad conditions of independence. A nation cannot treat its dependents less badly than it treats its citizens. Only when it has humanised industrial conditions can it safely humanise the Poor Law."

A few weeks after the appearance of Sir W. H. Beveridge's book, the Poor Law Commission, 1909, made their report. In effect they endorsed, word for word, both its criticisms and suggestions.

7. Relief Works, 1920–7.—After this exposure of the meretricious attractions of relief work, it might reasonably be expected that Governments and

departments would have put aside that particular method of dealing with unemployment. Yet when the next trough in the curve of industrial activity came round at the end of the year 1920, they returned to the old ways or something very like them. In the fruitful years from 1909 to 1920 the whole face of social legislation had been changed. Not merely one new chapter, but several new chapters were opened. Before the war, Labour Exchanges, Health Insurance, and the limited scheme of Unemployment Insurance had entered into the economic structure of the nation, and simultaneously with the post-war slump in 1920, the extended scheme of Unemployment Insurance came into operation. Preceding the latter there were the Out-of-Work Donation Scheme, financed wholly by the State, and all the other apparatus of demobilisation and re-settlement.

These profound changes are discussed in their place elsewhere. Meanwhile it is not necessary to interrupt the narrative of relief works, except to note, first, that for the reasons just stated the problem of 1920 looked very different from the problem of 1905, and, second, that most of the differences were of a kind to discourage rather than encourage the repetition of municipal relief works. Not only had the Act of 1905 been very generally reprobated, but the provision of unemployment benefit under a scheme of national insurance ought, in theory, to have lifted all the eligible workers

above the need of relief. Other countries, like Sweden and Germany, might still cling to relief works, but they had not seen fit to put their weight on the insurance principle and a national scheme. Great Britain was therefore on a footing different from other lands. The real reason why the Government reverted to this particular method was that Ministers were persuaded that by stimulating public works they might stem the adverse tide of trade and recreate industrial activity. For ten years Mr. Sidney Webb and other economists had been preaching their own variations of this theme, and something, at any rate, of their doctrine had penetrated all political parties.

But if, as is contended below, the plan has wholly miscarried, the blame must not be saddled only upon the theory or the theorists. It may have been also a case of bad practical measures. In any event, disillusion, though it took a long time, followed inevitably; and somewhere about 1925 the motives which kept relief works in the Government programme seem to have been political. Primarily, they were a convenient device for subsidising the rates in necessitous areas.

In 1920 the intention undoubtedly was to start out with a new and businesslike scheme, quite dissimilar to its predecessors, but in effect it turned out to be much the same as in 1886 and 1905. Local authorities were to be encouraged and aided in carrying out approved works in areas where un-

employment was serious. The Unemployed Workmen's Act was not applied and no revival of Distress Committees was suggested, but a new Central Committee, composed mainly of business men, was appointed to hand out the money.

8. The Unemployment Grants Committee. —The Unemployment Grants Committee began work under the chairmanship of Lord St. Davids in December 1920 and at once invited applications from local authorities. The first results were disappointing, and from time to time the scope of the Committee was widened and the measure of assistance offered by the Exchequer was increased in order to tempt local bodies to undertake a larger volume of relief works. In 1926 the position reached was that on non-revenue-producing schemes the Government agreed to pay 45 to 50 per cent. of the capital and interest on the necessary loans. In effect the Exchequer paid the interest and sinking fund charges for half the period of the loan, usually fifteen years. Revenue-producing schemes were not originally admitted, but, in their anxiety to make the grants look more businesslike and productive, the Committee obtained authority to extend their assistance to dock, electricity, and water undertakings. In the end any public utility company could be subsidised, even though in private ownership, but relatively little was done under this extension. Revenue-producing schemes could receive assistance up to 25 per cent., *i.e.* the

Government paid the interest and sinking fund for a quarter of the period. It will be seen that the authorities who came in under the scheme have a heavy day of reckoning at the end of the fifteen years, or whenever the Government assistance ceases, for they have incurred a debt of over £100,000,000.

Works could only be approved in areas where serious local unemployment was certified by the Ministry of Labour. The quantitative estimate of "serious" has fluctuated from 5 per cent. of local unemployment in the days of the Labour Government to 15 per cent. in the days of their successors. For more than seven years there have been incessant wrangles in Parliament as to whether particular districts were or were not necessitous. Shipbuilding areas were obviously deserving of sympathy. These and many others received help in due course, though the works were never enough to make any conspicuous difference to the colossal amount of unemployment in such towns. Moreover, it was not always the "necessitous" areas that were able to submit the most satisfactory proposals for works. Not only local councils, but Boards of Guardians, or even Universities, could get grants, and assistance was sometimes given to schemes in relief of particular industries which had been hard hit.

Engagement of labour had to be through the Employment Exchanges, but where the work was placed on contract the contractor could choose 10 per cent. of his own men (or more on request).

Obviously these were not men who needed relief work, but they helped to stiffen the pace of the others. British materials had to be used, so that the indirect effect of expenditure might benefit employment generally, and preference was to be given to ex-service men. The latter proviso tended to become increasingly unfair and indeed unworkable, as the days of 1918 receded farther into the past. In mining areas the condition was wholly dropped. So far from any attempt being made to decasualise and raise the level of the employment, it was a positive rule that the work should be spread out over as many applicants as possible. This meant a few days a month or a few weeks a year for each man. But after some years the authorities found it impossible to continue to enforce the rule. Contractors and some of the employing authorities were more enlightened than the Central Committee of business men, being concerned, if not with the bad effect of casual jobs on the men, at least with the uneconomical effects on the cost of the work. In the result, therefore, by 1926 a certain number of areas employed men more or less continuously and passed them on from one job to another. They also put their own interpretation on the rule that, in selecting men, full weight should be given to the applicant's degree of distress. In such areas, of which Hammersmith may be cited as an example, they engaged for the most part only those men who were the right stamp of labourers and were

accustomed to the particular jobs in hand. Whether such local authorities appreciably relieved the labour market is another matter, because men of the navvy class seldom suffer from prolonged unemployment. On the other hand there were areas, of which Stepney was one, where the old policy of spreading the work still prevailed. Here the local authority performed the work by direct labour, and one of the councillors was told off to select men on the basis of their need and give to all the needy a periodic spell of casual work. Thus, in this area, men came to the Employment Exchange year by year and reminded the officials, " Next month's my month on the relief." The Central Grants Committee evidently approved of this, for in their fourth report (1925) they pointed out with ingenuous pride " that the men look forward to their turn of work and resent keenly any seemingly partial distribution of it."

Some authorities hit upon another variant of the plan which, besides spreading out the doles of work, also saved their funds. They made a practice of putting unemployed men on relief works and stamping their unemployment books for just a sufficient number of weeks to qualify the applicants for a further spell of standard or extended unemployment benefit. Thus the men were kept off the rates for a time, though, if they were among the chronic cases, they turned up again in due course, and the hopeless cycle of makeshifts began afresh.

Never at any one time since 1920 have more than about 130,000 persons been afforded direct employment on all varieties of State-aided relief work. The *Labour Gazette* for December 1925 set out the provisional calculation that on October 31, 1925, 95,000 were directly employed as compared with 91,000 on October 25, 1924. These figures, however, included the Ministry of Transport work on arterial roads, the Ministry of Agriculture's land drainage schemes, and the schemes approved under the Trade Facilities Acts. On relief works assisted by the Unemployment Grants Committee, the number of men in October 1925 was only 33,542, as compared with 29,383 in October 1924. After that date the numbers dropped considerably, until in 1927 there were only two or three thousand so employed.

These figures show how insignificant was the measure of relief given by these methods during a period when the unemployed numbered between one and two million. The moral is clear: to-day, as in previous emergencies, the amount of employment which the State can create by these direct efforts is insufficient to have any material effect upon the labour market. It is also disproportionate to the expenditure in money involved; but to prove this some further examination of the financial features of the schemes is necessary.

Up to June 1927 the total capital cost of the aided works to local authorities and the State was

£105,000,000 and the total amount of employment afforded thereby was estimated by the Unemployment Grants Committee to be four million man-months. But the latter figure is apparently excessive, if it represents the peak figure for employment as obtaining for the whole duration of each scheme. In fact considerably less men can be engaged at the beginning and end of a job than at the most active stage.

Taking, however, the figures claimed by the Committee, the cost works out at £27 a month or £324 a year for each man employed.

Comparing this with the cost of unemployment benefit, with and without allowances for dependents, the result is :

Unemployment benefit, without allowances, at the rate of 18*s.* a week for twelve months . .	£46 16 0 a year
Unemployment benefit, with allowances for a wife and three children at the rate of 29*s.* a week for twelve months . . .	£75 8 0 a year

Even if the last figure were a reasonable mean instead of being, as it is, nearly the maximum, the cost of relief works seems to be over four times as great as the cost of benefit, though, of course, in the former case, the authorities have the value of the product and in the latter case there is no product, save a man or family maintained.

The Unemployment Grants Committee claimed that credit must also be given for as much as another four million man-months of employment afforded indirectly by the preparation of materials, though it is difficult to see how this can be true of such works as the laying out of parks, recreation grounds, cemeteries, or even roads.[1] In any case their claim is unsupported by any evidence. There is nothing to show whether the indirect employment was afforded in industries which were hard hit by unemployment or in industries already working at pressure.

In the same seven years, £46,770,000 went in non-revenue-producing work, mainly roads and sewers, the expenditure on which cannot be said to have had any measurable effect in stimulating industry or remedying unemployment beyond the period of the job itself. Moreover, it was supposed to be a fundamental condition that the relief work must be a genuine acceleration or anticipation of necessary future contracts. This would involve an equivalent reduction of future expenditure, and might so far diminish the contribution which public bodies would make towards maintaining employment in the years following.[2] It was a draft upon

[1] It is to be noted that the more important road contracts were all left to the Ministry of Transport, and were not attempted as ordinary relief works. In 1927 the Ministry of Transport also took over the whole administration of road grants to local authorities, thus removing its chief remaining activity from the Unemployment Grants Committee.

[2] In the dark days of the Unemployed Workmen's Act, 1905, when relief works were the central feature, the Central Body for London held out for three years against contributing to the cost of "merely anticipated" public work on the ground that it would interfere with the future demand for labour.

the future and, being unproductive, yielded no income out of which the debt could be paid. True, the authorities have the value of their works, but they cannot sell their roads or sewers or recreation grounds.

But was all the work genuinely in anticipation of an inevitable need ? In practice local authorities found great difficulty in thinking of jobs which they could anticipate, and it seems certain that any marginal proposal would get the benefit of a doubt. Parks, public conveniences, and bathing places and even roads may be luxuries, rather than necessities. And when the city fathers or county councillors are invited to look into the future for as much as five years or more, it is not possible to place implicit confidence in their clairvoyance. Circumstances might make them regret the particular work done or even repent of having put any anticipatory work in hand at all. There is, of course, a very real danger of this happening in areas of dwindling industrial activity, such as coal mining or iron and steel districts. In these it is only to be expected that the population will in future diminish and that correspondingly the need of public amenities, etc., will grow less. But it is also obvious that the members of a local authority are not the persons to make good judges of such dire possibilities. Civic pride inclines them to foresee expansion rather than decay. From this angle, therefore, relief works were particularly inappropriate for some of the

hardest hit areas where a permanent contraction of employment had set in.

Another dilemma on which the Unemployment Grants Committee were impaled was that they were often bombarded with applications for grants to schemes consisting in nothing more than a local authority's current work. When this was discovered, it became hard to excuse the giving of any grant-in-aid from the Exchequer and, after a time, such applications were refused.

So much for the non-revenue-producing works.

That smaller portion of the work (costing £30,000,000) which was definitely productive was in a slightly better case. The undertakings were more in the nature of normal business; but the wisdom of anticipating them by five years or more is as much open to doubt as in the case of non-productive relief works. They consisted mainly in docks, electricity, water, and gas undertakings, and in their case the main question to be answered is whether they were sufficiently productive, directly or indirectly, to justify their prior claim, to capital investment, over the claims of ordinary industry. The ultimate and admittedly severe economic test which these favoured undertakings must stand is whether, so far as human judgment could determine, the time and place selected for the improvements were the best. The fact that some of the undertakings would not normally have been put in hand at that moment does not inspire

confidence on the point of "time," and as to the "place," it would be a fortunate coincidence if the dock and water undertakings were always ripe for performance in just those areas which could pass the test of being specially afflicted with temporary unemployment.

Another consideration is that a large proportion of these schemes were aided and abetted by the Government in the years 1920, 1921, and 1922, and in those years wages were higher than in the years 1923–4 and 1925. To that extent, therefore, the works were more costly in the earlier period than they would have been in the later. Anticipation of future needs in this case resulted in needlessly high capital charges. To the same effect is the old objection that any workmen selected from among the unemployed on the grounds of their distress, rather than for their fitness for the job, would be less efficient, waste more material, and work more slowly. Here again the capital costs of the works are increased beyond what is strictly necessary.

9. The Economics of Relief Works.—In the end any scheme of State-aided relief works must stand or fall by its economic soundness, and, on this point, it will be useful to quote Mr. R. G. Hawtrey, whose views on the question appeared in the journal *Economica* (March 1925). Mr. Hawtrey condemns State grants along with all other forms of public expenditure which are intended to stimulate the demand for labour. His argument may be con-

densed into the two propositions that State expenditure on relief works means either

(1) the diversion of existing credit or capital from its better economic use in the ordinary channels of industry, or

(2) the expansion of bank credits (new credit), in which case employment would be stimulated in a more wholesome manner and with greater hope of permanence, if ordinary productive business were allowed to absorb the cheaper credits.

"Credit expansion," says Mr. Hawtrey, "would melt any depression," but the present phase of relief works opened in 1920, just when the central bank was trying all it could to prevent credit expansion.

The radical fact about the policy of the Government, at any rate after 1924, was that they were really less concerned with the relief of unemployment than with the relief of the rates in certain necessitous areas. Post-war distress of one kind or another increased the burden on the Poor Rates beyond the reasonable capacity of some industrial districts. The poorest and most heavily rated areas had to bear the worst of the brunt. Hard-pressed Boards of Guardians were compelled to borrow up to the limits permitted to them and still were unable to meet all their obligations. Some received extra loans from the Government after their claims had been examined and approved by a Committee

under Sir Harry Goschen, but, early in 1926, another Goschen Committee reported that they were unable to discover any sound method by which such subventions to local rates could be distributed and, indeed, that the whole principle of such assistance was open to question. All these embarrassments go far to explain why the various Governments since 1920 have been willing and anxious to find other excuses for bolstering up the finances of distressed areas. Relief works, which might keep a few families off the rates, were accepted as a loop-hole through which the Exchequer might give a " dole " to the local authorities.

It will be noticed that, from this angle, relief work came to be regarded as definitely for those men who had fallen on the Poor Law, and, in areas where distress rather than suitability for the job was the criterion of selection, this limitation was practically realised. The local authorities could almost claim official blessing for the doctrine that only the lowest class of labour should be engaged. Even in 1905–8 a better pretence was kept up, though, in practice, the result may have been much the same. But in 1920 the original idea was that the relief works, besides stimulating trade, would lighten the burden, not so much on the rates, as on the Unemployment Fund. Thousands of deserving men who would otherwise be in receipt of benefit, even standard or covenanted benefit, were to be freely unloaded on to the relief schemes.

After 1924 various Ministers openly exposed the weakness of the financial policy involved in State grants for relief works, but the remarkable fact is that, having denounced the grants, they went on paying them. When the Labour Government came into office, Mr. Macdonald clearly expounded the unwisdom of withdrawing these large sums from the ordinary channels of trade and spending them on extemporised relief schemes. What was taken off the rates in one direction would only be put on in another. But the Labour Government did not dissolve the organisation of the Unemployment Grants Committee ; it actually loosened the conditions and increased the grants under which schemes of work might be started. Similarly the Conservative Ministers who succeeded denounced, but did not discontinue, the subventions. The grants became a kind of conscience money paid out by the central Government, because it was quite properly sensitive to the reproach that it was laying impossible burdens on the shoulders of Local Government bodies. They were thus a political compromise, the last excuse for which will presumably vanish with the introduction of the scheme of rating reform outlined in Mr. Churchill's Budget of 1928.

The summing up suggested by the foregoing account of post-war relief works amounts, then, to this : that once again the policy of mixing relief and wage-earning failed. Once again the authorities were lured into a quagmire by the will-o-the-wisp

notion that "to create work," *i.e.* public or semi-public work, is the proper way to deal with unemployment. Everyone sympathises at heart with the cry of the unemployed man or woman: "We want work at wages, not charity, not doles!" But, essentially, it is not work they need above all things; it is an honourable subsistence, and, being willing to work, they find it impossible to believe that wage-earning employment cannot somehow be found for them. Yet nowadays the exigencies of our economic system are such that full work at wages is something less than a right. Maintenance for all may be a right and a duty, but there are times and places where work for all cannot be provided without flying in the face of economics and sound statesmanship.

Clearly it is difficult, if not impracticable, for the State to raise the level of employment or to stem abnormal unemployment by inventing or expediting public works for the needy unemployed. Nothing less than the stimulation of ordinary industry and business is of any real good. If, under a *non-socialist* economy, this can be done at all, it would be by the expansion of credits through the agency of the central bank. Capital could thus be made to flow into the main channels of industry, employing more men and women in their own trades, instead of being diverted from them and injected into specialised undertakings which are temporary and mainly of an unproductive character. Or if,

as is inevitable in these days, a dose of socialism is not to be ruled out, it is always open to the State to accelerate or guide the industrial evolution of the country by the judicious application, under State control, of a portion of the nation's savings in fruitful schemes of internal development.

But relief work, as usually conducted, has been proved over and over again to be unhelpful to the State and actually lowering in its effects on the unemployed. So far as the treatment of the latter is concerned, the problem is to keep them fit for some potential wage-earning employment, not to make them work for work's sake. Industry consists of specific kinds of work, each kind demanding some specific fitness whether mental (technical), physical, or moral in the workers. Any relief that is worthy of the name should take the form of providing the potential worker with that " fitness " if he has not got it, and of maintaining it in him if he has.

Postscript : The foregoing chapter was in print before the Government announced, on November 8, 1928, the intention to have further recourse to relief works in order to facilitate the transfer of surplus workers from the depressed areas to areas where local unemployment was less intense. Local authorities, in areas not suffering from exceptional unemployment, were to be offered, through the Unemployment Grants Committee, generous financial terms for the execution of

approved works, provided that they employed thereon not less than 50 per cent. of men drawn from depressed areas and engaged them through the Employment Exchanges. Road works on non-classified roads were again to become eligible for grants. Thus, after being discredited for three years, relief works were once more to be encouraged, though, this time, from a slightly different angle.

Admittedly the miners' problem called for exceptional measures, and almost any scheme might be excused if it successfully provided these men and youths with a stepping-stone to regular employment in a more hopeful district. But, viewed from the standpoint of the foregoing chapter, there was nothing to suggest that the new scheme would be any improvement on its predecessors. Indeed, for the Government to offer large grants to areas that could already afford to finance their own *necessary* local works, seemed even more anomalous than to assist necessitous areas, while the engagement of 50 per cent. of local unemployed men would presumably be even more uneconomic, because in such areas relatively few really eligible workers would be unemployed. The works would thus be carried out at unnecessary cost and offered, on completion, no special prospect of a permanent reduction of unemployment. Since, however, at the time of writing, no details of the new plan of action are known and none of the new relief works has been started, these criticisms are merely provisional.

CHAPTER III

The Coming of Unemployment Insurance

1. Events between 1906 and 1909.—In the last chapter the history of the methods of dealing with unemployment in this country was interrupted, in order to review modern relief works in close conjunction with the earlier experiments of the same nature. We must now return once more to the pre-war period and consider the important ventures in scientific social legislation which opened a new era in the years 1906 to 1914.

When the Liberal Government of 1906 took over the reins from the Conservatives, they had not at first any new constructive proposals to advance for dealing with unemployment. Hopes, which had been unwarrantably raised by the warm social sympathy of the great election campaign, collapsed when the barrenness of the Government's subsequent programme was disclosed. Naturally the reaction of feeling found an outlet in criticism. But it was not, in any great degree, from the trade unions that the criticism came. In those days labour was less organised and less vocal than now, and the Trades

Union Congress, being dominated by the unions of skilled men, who were themselves only partially protected by their voluntary insurance funds, had enough to do without taking up the cudgels on behalf of the mass of the workless who were unskilled and unorganised. But the discontent was there and found its own way of expression. Many unofficial movements were stirred up and many unofficial leaders came forward to head them. Not the least interesting of these prophets was Alexander Stewart Gray. Between 1906 and 1911 he made much copy for the newspapers and a certain amount of trouble for the police by gathering together small groups of the distressed and of those who had found relief neither in the Poor Law nor in the new Distress Committees. Stewart Gray's was almost a biblical figure, and his policy was biblical too. He believed it to be his mission to lead the unemployed out from the cities of England, as Moses led the Israelites from Egypt, to lives of freedom and usefulness on the land. From the Lord Mayor of Manchester and other authorities he demanded tracts of waste land, whereupon he might erect and people miniature villages and found self-supporting co-operative communities. Stewart Gray mocked (reasonably enough) at municipal relief works, and to him the offer of the workhouse to a man with dependents was a sin against the Christian institution of the family. He coined the phrase "Hunger Marchers" for his followers and, with Mr. Robert Williams

as his lieutenant, he led a series of "Grand National Hunger Marches" to seek audience with the King at Buckingham Palace.

Stewart Gray was an idealist. From being a man of property, elderly and obscure, he emerged in those days to be the prophet of the submerged and the outcast. With his long hair, fine features, white smock, and the silver cross hanging on his breast, Stewart Gray marched beside his tattered army and shared their miseries. At least he served to keep the question of the unemployed alive in the public mind, but his lack of any real contact with the labour movement deprives his Christian crusades of any other historical importance.

Victor Grayson was another leader of the unemployed. Abandoning his profession as an engineer in Lancashire, he raised a following among the unemployed in the cotton towns and made himself an apostle of violence. There was no Christian idealism about Grayson, but the people of Colne Valley returned him to Parliament, while Stewart Gray was more than once put in prison.

In those days the Labour Party was only getting into its stride. It had no particularly new policy for dealing with unemployment on constructive lines, but it was energetic in demanding "Work, not Doles." The party's main objective was to expand the use of the Unemployed Workmen Act, 1905. That Act was optional. No local authority was compelled to put it into operation or to start

relief works if it did not wish. The Labour party accordingly launched a campaign with the object of making the Act obligatory and, failing that, of compelling the local authorities to use their powers in every area. Poster appeals were issued urging the workers to set up "Right to Work" councils, which might conduct the local propaganda. A National Council was formed with the same title and object, the moving spirits being Mr. G. N. Barnes and Mr. Ramsay Macdonald, who were then regarded as extremists.

The "Right to Work" councils did not succeed in their aims, though in one respect at least they educated public opinion. Insistently they pointed to the admitted ignorance of the Government and the public as to the actual numbers of the unemployed, and they accordingly demanded a local census in every district during each successive winter. The city of Manchester and one or two other large municipalities *did* try their hand at such a census, but the means of measurement were so rough that probably their effort was wasted. Most towns simply kept "open registers" where any unemployed or partially employed man or woman could enrol if he liked. In London the Central (Unemployed) Body started a more ambitious scheme at the end of 1906. In twenty-nine boroughs they opened fully equipped offices under the title of Labour Exchanges and linked them up with a central Exchange.

The circumstances in which these Labour Exchanges were launched were hardly propitious for their future as an indispensable part of the industrial machinery of the country. To begin with, they were controlled by the Central (Unemployed) Body for London, and formed a part of the machinery for carrying out the purposes of the Unemployed Workmen Act of 1905. This meant that they were associated in the public mind directly or indirectly with the Distress Committees, a fact which in itself discouraged ordinary employers from notifying any but their most casual wants to the Exchange. For permanent jobs of superior, or even average, quality, men were sought for elsewhere and by the old individual methods of press advertisements, etc. Similarly the skilled operative of good standing would need to be hard pressed indeed before he would associate himself with the hangers-on of industry in his search for work. Still the new exchanges were useful as a first experiment with a limited system, and they were welcomed by those who advocated the institution of a nation-wide official labour market as a foundation on which many useful reforms in the best interests of industry could be based. Some agency for bringing together employers needing workers and workers needing jobs had become an elementary necessity. The method had been tried locally and on a small scale in France, Germany, and Switzerland with encouraging results, but the inbred

conservatism of British employers and workmen made its introduction very difficult in this country.

2. The Labour Exchanges Act, 1909.—No new move of any importance to our subject was made until 1909, but in that year a Bill was introduced for the setting up, not of municipal exchanges on the foreign model, but of a national system of Labour Exchanges under the direct control of the Board of Trade. Public scepticism was pronounced, and the political leaders of labour were only faint-hearted in support. Nor, in this matter, was any encouragement offered by the trade unions, who saw, or thought they saw, the red light of danger in an institution which might usurp some of their functions. Indeed, without the impulsive energy of Mr. Churchill, who was the Liberal Minister in charge of the Labour Exchanges Bill, it might never have reached the Statute Book. "One hundred new Labour Exchanges," he was reported to have said, "would be less costly and more valuable to the nation than one new battleship," and this statement was prophetic. At no time was it more justified than in the war years, 1914–18, when the need of capital ships was less urgent than the possession of national machinery for mobilising all the nation's resources of labour-power.

But the Government's Bill was not without supporters. The Majority and Minority Reports of the Poor Law Commission in 1909 were unanimously in favour of the scheme, as, indeed, were all who

had read the arguments in Sir W. H. Beveridge's book. It is worth recalling, however, that while the Majority Report recommended the purely voluntary use of the new exchanges by employers and workpeople, the Minority wanted to make notification of vacancies compulsory upon employers and workpeople so far as discontinuous or casual employments were concerned. Such a drastic attempt to regulate the freedom and alter the ingrained habits of a large section of industry would have been far too much for the infant system to attempt. Indeed it has proved impracticable right up to the present time, except for certain local dock schemes, where compulsory registration and partial decasualisation have been effected by voluntary agreements between the associations of employers and workers.

The national system of Labour Exchanges came into operation in January 1910, and Sir W. H. Beveridge was placed in control as their first director. Three main objectives were kept in view :

(1) To effect the mechanical reduction of avoidable unemployment by enabling the better adjustment of labour supply and demand, by speeding up the passage from job to job, and by increasing the power of intelligent movement of labour ;

(2) To lay the substructure of a scheme of unemployment insurance, *i.e.* to set up local offices which could apply a test of genuine

unemployment by reference to the unsatisfied demand for particular kinds of labour known to exist at the time;

(3) To add to the available statistics of unemployment.

None of these objectives, particularly not the last, could be satisfactorily attained without either general support from the industrial world or some measure of compulsion or inducement upon employers and workers. For two years, therefore, the Exchanges maintained only a precarious existence without these conditions of success. It was not until the first Unemployment Insurance Act came into force in 1912 that the new institutions could be regarded as a permanent part of our State equipment. Meanwhile the Board of Trade had to run the gauntlet of much industrial and political criticism. Undoubtedly they were handicapped at the start by the association in the public mind with the old municipal Labour Exchanges. The taint clung about the system for years. It was an article of faith among a large proportion of employers that these offices were not, and never would be, a market-place for skilled employment. None the less the Exchanges set about the task of converting the sceptics and disarming the suspicious. By quiet persistence and honest endeavour to meet the needs of employers and trade unionists, they gradually got a footing as one of the local labour markets in most industrial

centres. But as a means of measuring the degree of unemployment, *i.e.* statistically, the Exchanges by themselves were of little avail. It was just in those areas and trades where the labour supply was in marked excess that employers could safely ignore the official machinery and engage workpeople at their gates. As a natural consequence, men and women seeking work in those areas would not make a general practice of registering at the Exchanges.

In the side lines of its business the Labour Exchange system could justly claim credit. From the first, special methods were devised for dealing with the boys and girls passing from school to wage-earning, or from one job to another, up to the age of seventeen. In recognition of the personal factors which obviously ought to be taken into account in dealing with children, Juvenile Advisory Committees were appointed with functions of advice and guidance. Attention was also paid to the intractable problems of adult casual labour in ports such as Liverpool.[1]

When all is said, however, the Exchanges by themselves were of little avail as a means of alleviating unemployment even among the rather nondescript classes of labour which called at their counters. What was gained during these two years was chiefly knowledge and experience. Nor were such gains to be despised. They were indispensable assets in launching the first experiment in State Unemployment Insurance in 1912. Without some

[1] See page 207, below.

such local machinery in working order and staffed by men and women who knew, and were known in, their districts, the enforcement of entirely new and strange duties on two and a quarter million workpeople in the seven selected trades would have been a muddled and ineffective business. Health Insurance was far more familiar and had been voluntarily practised by millions for many years. There the State found Friendly Societies and the like already performing functions which could be adapted and extended so as to carry the chief administrative burden of the National Health Insurance Scheme.[1]

So far as insurance against unemployment was concerned, there were, of course, the trade unions, but in 1912 only one-eighth of the workers in the seven selected trades were covered by voluntary insurance in their unions, and it would not have been practical politics to insist upon membership of these unions as the normal method of entry into the State scheme. Among other reasons was the fact that, to a large extent, the unions were, unlike the Friendly Societies, fighting and political organisations.

Labour Exchanges, or Employment Exchanges, as they are now called, were therefore indispensable, if only as the first stage in a big strategic plan, which was carried farther in the tentative Unemployment Insurance Scheme of 1912 and finally realised in

[1] Whether this was altogether an advantage need not be inquired into here. There are those who regret that the State did not use purely official machinery in health as in unemployment insurance, instead of relying on and subsidising the Friendly Societies and Industrial Insurance Companies.

the extended scheme of 1920. In the twenty years since their false start under the Central (Unemployed) Body for London the Exchanges have come into their own and justified their existence as part of the normal machinery of national government. If they have come to be used rather more as insurance offices than as placing agencies, that does not mean that the two functions are inconsistent with one another. They are, indeed, complementary, as will be seen from many references in later chapters. When the Exchanges had been in existence for two years without any unemployment insurance scheme, they recorded less than 1,000,000 registrations a year, whereas in 1927 they recorded in one year over 11,000,000 registrations and over 1,250,000 places filled. In some intervening years there had been still higher figures.

3. The Recommendations of the Poor Law Commission, 1909.—As a matter of history, and in order to indicate the trend of informed opinion about the time when Labour Exchanges and unemployment insurances were started as a hopeful official experiment (1909–11), it is necessary to indicate at this point the proposals put forward by the famous Poor Law Commission in 1909 for the improved treatment of the able-bodied unemployed.

As has been stated in an earlier chapter, the Minority Report rejected the idea of a State scheme of unemployment insurance in favour of the "Ghent Scheme"—of a 50 per cent.

grant to trade unions paying out-of-work benefit. The majority of the commissioners were not so definite, but they seemed to be mainly in agreement with their colleagues. These reports, therefore, though they represented the opinion of the best unofficial experts of the day, were unhelpful towards a scheme of compulsory insurance. In view of the State scheme soon to be launched, it is rather remarkable that the commissioners did not envisage the provision of maintenance allowances, whether in the form of insurance benefit or otherwise, as a means of tiding over the unemployed who might not be or could not be covered by voluntary trade union schemes. Instead, they proposed institutional relief for the wage-earner apart from his family in industrial and agricultural workhouses (Majority), in training establishments, day and residential (Minority), in labour colonies and detention colonies (Majority and Minority alike); and the repeal of the Unemployed Workmen Act, 1905. Relief works as such the commissioners refused to countenance, but they were optimistic enough to hope for the stabilisation of employment by the regulation (*i.e.* postponement and anticipation) of Government contracts. In nearly twenty years since that time the only one of their unemployment proposals to be developed is that relating to training establishments.

4. The Unemployment Insurance Acts, 1911 and 1916.—The Unemployment Insurance Scheme of 1911 was an almost unsolicited and spontaneous

venture on the part of the Board of Trade. Mr. Lloyd George used all his fighting powers to carry the unpopular National Insurance Bill and, as Part II of that Bill, the tentative Unemployment Insurance Scheme crept on to the Statute Book under the shelter of its more conspicuous twin.

The twofold Act was probably the most ambitious administrative experiment, and one of the most daring social experiments, ever attempted in this country. In the teeth of bitter opposition, it laid the foundation of compulsory contributory social insurance, which is becoming a characteristic institution of the present century, not only in Great Britain, but abroad also. At long last the principle was officially accepted of granting the unemployed worker an honourable maintenance, without deterrent penalties or a task of work of any kind, and a break was made with the traditions which had endured since 1834. True, it was a strictly limited insurance, since the periods of benefit were to be proportional to the number of contributions paid, but that was a principle with which workers had long been familiar in their own trade union insurances.

A new kind of State Unemployment Fund was now established on the basis of the threefold contributions of employers ($2\frac{1}{2}d.$), workpeople ($2\frac{1}{2}d.$), and the State ($1\frac{2}{3}d.$). Out of this fund a small weekly maintenance at the rate of 7*s*. for a man and 6*s*. for a woman could be drawn for fifteen weeks, subject

to the proof of genuine unemployment and the satisfaction of certain other elementary tests to prevent abuse. The standard procedure, so far as the claimant was concerned, was that he must make his claim, lodge his unemployment book at the Exchange or local office, and then sign the register daily during working hours.

Only seven trades were covered, numbering among them 2,250,000 workpeople. These insured trades were

Building,
Construction of works,
Shipbuilding,
Engineering,
Construction of vehicles,
Ironfounding,
Sawmilling (some kinds only).

All these seven industries were regarded as specially prone to fluctuations of a seasonal or cyclical character. Most of them also had some acquaintance with contributory unemployment insurance, as least in so far as the organised craftsmen were concerned. The experiment was, none the less, hazardous. It was feared that the low-skilled and the labourers, in particular, might rebel against the compulsory deductions from wages and against the necessity of obtaining an unemployment book from the local Exchange. A non-contributory system on the lines of the Old Age Pensions Act of 1908 would

have been far simpler, but it would not have accorded with popular sentiment against giving or getting something for nothing, and it would have caused manifest difficulties in defining the classes and persons entitled to benefit. To-day the method of compulsory contributions is not seriously challenged; it has become second nature to the wage-earners, whether skilled or unskilled, in all Great Britain and Ireland.

In both the original insurance schemes there was a good deal more than the plain principle of contributory national insurance. This central principle was set off by manifold frillings and clever devices, due partly to political exigencies and partly to the abundant ingenuity of the experts who drafted the Acts. Seldom has the scientific social reformer had a larger hand in legislative schemes. But time, which has justified the central structure of the original unemployment insurance scheme, has pruned away the trimmings, attractive though they seemed at the outset. The most important of all these secondary provisions was that which offered subsidies to unemployment funds set up by voluntary associations, *i.e.* by trade unions, in any industry. This provision was clearly a sop to those who, like the Poor Law Commissioners and the trade unions themselves, advocated the continental system of grants in aid of voluntary insurance, but it was never a success, and it was jettisoned in 1918. Similarly there were clauses in the Unemployment

Insurance Act holding out the prospect of rebates to those employers who gave regular employment and to those workpeople who received it. Even the casual worker was not ignored: to meet his case, the principle of a flat rate of contributions was waived in favour of a lower rate for employment not exceeding two days in a week.

All these devices have gone by the board now, in favour of the simpler and more downright plan of flat rate insurance and no rebates. Speaking generally, the preventive elements in the scheme were ineffective or unworkable. Industry complied with the new tax and obeyed the law, but it could not be made to change its methods or to stabilise irregular employment merely on the minor inducements offered by the Act. Irregularity was too deeply ingrained in the economic system.

The new Act came into operation on July 12, 1912, but no benefits were paid until January 15, 1913, thus allowing six months for contributions to accumulate. This delay was naturally a prolific cause of grumbling, and it was never again enforced in subsequent extensions of unemployment insurance. When benefits became payable, they were, unlike the post-war benefits, on a conservative basis—more conservative and more restricted than the corresponding health insurance benefits. The maximum period was shorter (15 weeks, as against 26 weeks, in the year), and there was always an overriding statutory condition that only one week's benefit

could be allowed in respect of every five contributions. These limitations, coupled with the low rates of benefit, were defended as leaving an ample incentive to voluntary insurance in trade unions on the part of insured persons. The argument was, perhaps, disingenuous ; the real reason being the difficulty of imposing high enough contributions to justify higher benefits. But at least it showed the anxiety to prove that the State scheme would not scotch the old voluntary methods of the trade unions. In fact, during these first two years, there was a considerable increase in the membership of the unions in the insured trades, but such increase may have been due to many causes, particularly to the prevailing prosperity.

None the less, speaking generally, the Act was not popular. The very fact that times were prosperous and the state of employment was good was only a mixed blessing for the insurance scheme. Trade, which had been depressed, improved about the time when the Act came into force, and 1913 was a " boom " year. Only once before had the trade union unemployed percentage been lower than it was in 1913, and by the end of 1914 it was lower still, at the abnormal figure of 3·24. The only considerable claims made on the fund were those made by workers in the building trade, due in some measure to seasonal factors, but in a greater degree to the chronic surplus of men calling themselves builders' labourers. Such conditions, since they

did not turn men's minds to the insecurities of their industrial lives, tended to obscure the merits of State insurance against unemployment. Possibly, if the scheme had then, as now, covered large groups of miscellaneous unskilled labour, the employment position would not have seemed quite so favourable. Indeed the scheme may have been more protected by its scope, *i.e.* its limitation to seven "craft" industries, than the authorities were at that time aware. It was true that these seven industries were known to be liable to severe "cyclical" depressions, but recent experience of the extended scheme of 1920 indicates that in all the large industrial centres which are not dominated by a single "craft" trade there is, year in and year out, a higher percentage of unemployment among the lower grades of labour than among the artisan grades (see Chapter VI).

However that may be, the first sign of a serious strain upon the scheme came only with the outbreak of war, and even that passed off in a few weeks. It is indeed curious to remember that in the early days of the War one of the chief anxieties of the Government was as to how they should pacify and maintain masses of civilian workers thrown into idleness for the period of hostilities. In fact, after the first two months, involuntary idleness among wage-earners was practically banished from the land for the duration of the War.

5. Out-of-Work Donation, 1918.—The fore-

going outline of the first Unemployment Insurance Act and its working during the first two years brings us to the war catastrophe of 1914, but there is not much to be gained by dwelling on the course of employment and unemployment during the four war years.

Unemployment as an immediate problem did not exist after the first ten weeks of war, but the certainty of it as soon as peace came was an ever-present menace. Steps had to be taken to prepare for the future. In the year 1916, the insurance scheme was extended to cover all workers engaged on "munitions," and the term "munitions" in those days was accepted as meaning almost all war supplies. Obviously these were the workpeople most likely to be out of work immediately after the War. This extending Act nearly doubled the number of insured workpeople, bringing the total to about four million in the year 1919. Over one quarter of this total were women who had been drawn from their homes or from domestic service into industrial occupations by the demands of the War. Naturally, after the Armistice, the greater part of these women dropped out of insured work, but neither they nor the men who lost their war-time jobs made any serious demands upon the unemployment fund. They were all provided for by means of the more generous and free allowances granted by the Government and known as Out-of-Work Donation. It is, indeed, not clear that anything was gained, except financially, by extending the original

insurance scheme in 1916 to cover munition workers, in view of the fact that they were able to rely, in their time of need, upon a new and separate non-contributory fund. The financial gain was, of course, to the Unemployment Fund which was augmented by their contributions.

The Out-of-Work Donation Scheme was originally confined to ex-service men who were unable to find work for the first year after their demobilisation. Civilian workers were not to be included. Owing, however, to the limited scope of the Unemployment Insurance Scheme, the Government decided at the last moment of the Armistice to extend it to the whole working class population over fifteen years of age. It was perceived that the process of converting the industrial economy of the country on to a peace basis would cause dislocation, from which practically no class would escape. Provision in the form of out-of-work donation must therefore be made for all. The test of eligibility was, in fact, the possession of a health insurance card,[1] thus covering even the agricultural workers and private domestic servants. But the conditions for civilians differed from those applied to ex-service men and women. There were thus two schemes launched on November 25, 1918 :

(1) The H.M. Forces Scheme, which remained in force until March 1921. It applied

[1] Except for juveniles between 15 and 16 years of age.

to each individual for 12 months after his demobilisation, and during this period he could claim donation for 39 weeks. To this four special extensions were subsequently added, amounting in the end to an extra 50 weeks.

(2) The Civilian Scheme, which was more modest. Even after it had been extended, it only allowed 26 weeks' donation in the year, and it closed down promptly on November 24, 1919. The weekly rate of donation for both classes was 29*s*. for a man, 25*s*. for a woman, 6*s*. for the first child, and 3*s*. for each additional child. These figures are the high-water mark of any form of out-of-work pay known in this country, but after the first year for ex-service men, and after the first six months for civilians, the basic rates were lowered to 20*s*. for a man and 15*s*. for a woman.

"Out-of-Work Donation policies"[1] were issued to applicants at Exchanges and donation was paid subject to much the same conditions as unemployment benefit. The launching of this scheme by the Ministry of Labour had to be performed at short notice and under almost impossible conditions at the end of November 1918, a fact which, coupled with the wide sweep of the scheme, led to the

[1] The suggestion of an insurance policy conveyed by this term was strangely inappropriate as applied to a free grant of money from the State.

inclusion of many thousands of men and women with no real title to donation, but in those days, when the generosities of the War were reinforced by the optimism of a newly won peace, a few more or less mattered little. The rate of unemployment was only about five per cent. in the years 1919 and 1920, but in eighteen months over £60,000,000 were distributed to the men and women demobilised from the forces or from the war factories. It was not a good example of the way to provide a money maintenance for the unemployed, but perhaps in the abnormal circumstances nothing very scientific was to be expected. The main aim of the Government was to forestall any general discontent during the time of transition, and undoubtedly this aim was achieved. Undoubtedly, also, there was a good deal of malingering and waste of money on persons who had no moral claim to these generous payments.

One new departure which was associated with the Donation Scheme may be mentioned here, because it was of constructive value and was subsequently followed up. During the war years the Ministry of Labour and the Ministry of Reconstruction had prepared in outline a scheme for dealing with the young persons under eighteen who might be workless after the Armistice. The principal feature was to gather the boys and girls into some kind of local school or centre, pending their return to wage-earning, since no class of human beings deteriorate more rapidly than boys and girls

when they are forced to live a life of idleness in the streets of modern towns. The Ministry of Labour and the Board of Education accordingly provided a number of Juvenile Unemployment Centres, attendance at which was made a condition for the receipt of donation by young persons between fifteen and eighteen. The nature of the centres, some two hundred of which were established, varied from one place to another, but generally there was an effort to fulfil an educational purpose and advance the capacities of the pupils in book-work and in mechanical or hand-work. Premises and equipment were largely improvised, and most of the conditions of the time were hostile to success. None the less success was achieved. Large numbers of young people were saved from an irreparable loss of physical and moral quality by this temporary return to "school" during their spells of inevitable unemployment. In all about 200,000 boys and girls were enrolled in the first year, but many districts were not provided for, because the number of juveniles registered at the local Exchange as unemployed did not reach the required minimum for a centre.

This venture represents the first attempt in Great Britain to make the receipt of insurance benefit conditional on attendance at some kind of instruction or training. A clause to this effect in the Unemployment Insurance Act, 1911, had armed the authorities with the necessary powers, but it had never been put into operation, either for adults or

juveniles. These particular centres were allowed to lapse in 1919 and 1920, and it was not until 1923 that the Government made any serious effort to revive them. The wider implications of these centres and their subsequent history are discussed in Chapter VII.

One unfavourable result which followed from the Out-of-Work Donation Scheme was that it prevented or postponed the extension of the contributory insurance scheme to the generality of wage-earners. If the insurance scheme had been re-formed, as it might well have been, on the wider and practically universal basis in November 1918, instead of in November 1920, a comfortable reserve of contributions would have been collected before the trade collapse and the outbreak of serious unemployment in the winter of 1920–1. This reserve, put by in the relatively prosperous years of 1919 and 1920, would have been a blessing both to the individual contributors and to the Unemployment Fund as a whole in the lean years that were to follow 1920. But the depression was not foreseen, and the War Cabinet, having failed to provide for a general contributory scheme, was compelled at the Armistice to improvise the Donation Scheme on a non-contributory basis.

Nothing, however, was done to interfere with the continuance of the original Unemployment Insurance Scheme for the seven trades (as extended by the Act of 1916). Contributions were still collected in these trades, but scarcely any benefit was

paid out. For obviously no one who could draw 29*s*. a week as donation was likely to draw unemployment benefit of 15*s*. a week. Thus during the years of the War and the year of donation there was a large accumulation of money in the Unemployment Fund, which by the end of 1920 amounted to £22,000,000. This saving was ultimately transferred to the credit of the extended scheme in 1921, and the particular group of insured persons to whom it strictly belonged were compelled to share it with the rest of the 11,000,000 workers brought into the new insurance scheme by the Act of 1920.

6. The Post-War Resettlement.—Before going on to describe the great extension of the Insurance Scheme in 1920, some indication must be given of the abnormal conditions with which that scheme had to deal as a direct result of the war and of the post-war resettlement.

During the years 1914–18 practically the whole population stood to war stations. Not only the 5,000,000 men who joined the fighting services, but also 4,000,000 civilian workers were moved from their ordinary vocations in response to war conditions. Migrations of tribal proportions were the order of the day. War munition volunteers and millions of other workpeople were transferred to war work through the medium of the Labour Exchanges. Without the latter the task could scarcely have been performed, and the State at war appreciated the value of a national system of Labour

Exchanges which the State at peace had been inclined to despise as the ugly duckling among its departments. Great Britain was in fact unique among the nations in possessing such an instrument for industrial mobilisation. Not merely did the Exchanges bring the workers in millions to the jobs and the plant which needed them, but they also played a vital part in bringing the necessary factories and machinery to the workpeople in their own districts. They were able to show that, contrary to the wishes of the armament firms, it would be a wise economy to spread the work rather than to depopulate half a city and remove the workpeople to overcrowded munition areas. Thus, national shell factories were built at such towns as Nottingham, which enabled thousands of lace workers and men and women from other local trades to turn their hands to work on munitions of war without leaving their home district. To women the War was a great emancipator. It opened a thousand closed doors in industry and brought in a million extra women, besides transferring something like another million from domestic and non-industrial occupations.

After the Armistice in 1918 the task of suddenly demobilising and resettling these millions of soldiers and civilians was even more formidable than had been the task of mobilising them for war. Something like a complete economic reconstruction was required throughout the country. War factories

had to be dismantled or reorganised for peace-time production. Government controls were relaxed in a hurry—perhaps in too much of a hurry—and private businesses were hastily reorganised by employers who rejoiced in their newly recovered freedom. In many cases new men and new methods took the places of the old.

As regards the workers themselves, the general post was accomplished more easily than might have been expected, but, once back in their homes, the task of finding new employment was not so easy. Men found that their pre-war employers had gone out of business. Apprentices had to find new employers to complete their training or were compelled to abandon altogether the hope of entering a skilled trade. The disabled soldiers required training for new vocations which were not inconsistent with their disability. Women who had in the war years become settled in men's occupations found themselves with nothing in view but some kind of domestic or shop employment. It is already difficult to picture the immense reshuffling which occurred throughout the population in the years following 1918. That many were stranded by the way was inevitable. For them the War meant ruined hopes, an ebbing away of their industrial quality, and, in greater or less degree, demoralisation. It is indeed strange that there could have been a short prosperous spell during the twenty-two months prior to September 1920, though it must not be

forgotten that, during these critical months, Out-of-Work Donation was being paid to about a million ex-service men and civilians, and that Government money was being poured out in other forms of assistance.

Then came the blow which shattered the whole house of cards. "Financial demobilisation" was decided upon, and with it came the great economy campaign. Both began to be effective in the late months of 1920. All other forms of demobilisation had apparently worked according to plan, but not the demobilisation or deflation of money.

No attempt will be made in this book to discuss the effects upon industry of such a financial process. Unemployment ensued and rapidly became intense, reaching, during the coal dispute in June 1921, a maximum of 2,500,000 totally unemployed, with another 1,000,000 working short time and claiming benefit. The basic industries of engineering, shipbuilding, and coal were, from the first, responsible for the largest contingents. In June 1921 unemployment had risen to 23 per cent., and the price level had fallen 130 points (*i.e.* the index of wholesale prices).

But we must not now over-blame monetary policy. Other countries besides ourselves deflated their currencies and returned to a gold standard, and not all of them were plunged in a morass of unemployment. Moreover, some of those countries which, like Germany, at first refrained from re-

stricting credit, have not succeeded in preventing unemployment, but only in deferring it. Financial dislocation must, however, take its place with the other retributions of the War.

The resettlement in civil life of millions of ex-service men, whether disabled or fit, was one of the most baffling problems which the Government had to face. There was no forgetting that the man who was drawn to the ranks from office or factory was solemnly guaranteed a safe job when he returned. It is indeed hard to credit that such wild promises should ever have been flung from war poster and recruiting platform, for certainly more than half the men who returned have found themselves sooner or later among the unemployed. They, at any rate, learned that the recruiting guarantee was worthless, and that the war poster was a fraudulent prospectus. In the existing state of society such pledges could not be redeemed. Not that attempts at performance were lacking. No charge of indifference can be sustained against Governments since the War. They sacrificed the interests of civilian workers and they spent money lavishly, if not always wisely, as an earnest of their good intentions, but the promised preferences for ex-service men, eased conditions for the disabled, even "homes for heroes," all assumed a measure of authority over the wide fields of employment which no British Government has yet possessed in peace time.

If the Coalition Ministers who had made the

promises had retained, improved, and adapted the controls which they had plentifully built up by the end of 1918, they might have gone some way towards ensuring the promised benefits to the demobilised, but at a given signal, as it seemed, the word went round the Press, platform, and Government departments that the ship of State was to be abandoned in favour of the old policy of *laissez faire*. The result was not surprising. Private industry, even if composed of considerate employers, could not shoulder all the pledges of the Government, least of all in times of trade depression. However well conceived the schemes of State assistance may have been, they broke down, wholly or in part, when they came to the point where the ex-service man had to be launched into the hard world of private enterprise.

Among other features of the Government schemes were Land Settlement, Civil Liabilities Grants, and Overseas Settlement. All that need be said of the Land Settlement Scheme is that it was an incredibly expensive form of assistance, and that it cost £12,500,000 to provide 16,000 men with small holdings. But the drought of 1921, and the bad years following, spelt ruin to the small men with no free capital. Many failed and deserted their holdings, falling back into the ranks of the general labouring class.

The same tale applies to the scheme of Civil Liability Grants, which cost over £3,500,000. Men

who sought to set up as carters or poultry farmers or small shopkeepers failed by the hundred, and the grants, varying between £20 and £100 were wasted. Of the 114,000 recipients, some never really intended to set up any business of their own, others were unfitted by incapacity or ill-health. They too contributed to the mass of unemployed.

Mr. Lloyd George, when he was Premier, announced that in the settlement of ex-service men overseas lay the real panacea, and succeeding Governments have shown spasmodic enthusiasm for the same idea. Probably by 1928 the methods of selection at home and reception abroad have been reformed, but in the first few years there was certainly a steady stream of failures repatriated by the Dominion Governments or returning home of their own accord. Every Employment Exchange knows individuals who, having suffered this experience, and very likely having had a Civil Liabilities grant or a course of industrial training as well, have become regular clients at the Exchange.

The bond entered into with ex-service men must be doubly binding in the case of men who were wounded, but here again there was an element of failure. Under the admirably planned Industrial Training Scheme, an expensive course of technical instruction was given to 100,000 disabled men, with the hope of re-equipping them for wage-earning. Not many of them were seriously disabled, and some were given a solid start in a new career. On the

other hand, thousands never followed up their training, but relapsed into the ranks of unskilled labour, and have been in chronic need of unemployment benefit or poor relief ever since. Of course a proportion are still drawing a small pension, which helps towards their maintenance.

In spite of everything, then, the War left a special legacy of unemployment as a result of its harmful effects on individuals. The number of failures, ineligibles or men of low eligibility was seriously augmented. In the sample analysis of claimants to benefit made by the Ministry of Labour in April 1927 (*i.e.* nine years after the Armistice), it was found that, of the men aged 30 to 34, fully 80 per cent. were war service men, while in the age period 25 to 49 as many as 58 per cent. had been taken from their civil occupations during the War. It is no small lesson that we must learn. Preferences and privileges, on other than industrial grounds, are not a practicable way of securing steady employment for ex-service men as such, and they may cause hardship to innocent people, not to mention a serious danger of inefficiency. But, above all, the first lesson to be taken to heart is that, if modern nations fly to arms, the wage-earners cannot hope to return to their peaceful occupations unprejudiced and unimpaired. In the last struggle our citizen armies really believed that, after they had triumphed, they would return to enjoy the security and rewards held out to them on enlistment. They were wrong!

On the other hand, the list of relief measures indicated above is impressive evidence that the State tried to fulfil its responsibilities. Never before or since has so much money been spent or so great a national effort made to restore individuals to employment. It was, in the nature of things, a temporary emergency which passed away, but the various schemes and measures have left their mark. Both the experience gained in their administration and the problems they left behind them have had their effect on later policy.

CHAPTER IV

The Unemployment Insurance Scheme, 1920–1927

1. The Original Scheme.—We can now resume the narrative at the point where the great insurance scheme of 1920 was launched to bear the brunt of unemployment.

Out-of-Work Donation had been cut off abruptly for civilians on November 24, 1919, and for the next twelve months nothing was put in its place, and no maintenance was provided except for ex-service men and the relatively few unemployed wage-earners in the insured trades. If employment had not been fairly good the non-insured civilians would have had a hard time. Few people had any idea of the deep-seated damage done by the War or any premonition of the slump soon to come, and the Government went very leisurely about the extension of the Unemployment Insurance Scheme. That such a universal extension of insurance should be adopted had been the urgent recommendation of the National Industrial Conference, called by Mr. Lloyd George in February 1919, but the Conference was divided on the alternatives of a contributory and a non-contributory scheme. There

was, however, no real doubt that the scheme, when it came, would be on a contributory basis. The Chancellor and the Treasury would see to that. The new Bill was introduced at the end of 1919, but was not passed into law until August 1920, and did not come into operation until November 8, 1920. By it all the previous Acts were repealed and an entirely new start was made, though the principles of the original scheme were retained.

The scheme covered over eleven million persons, and applied to all trades except agriculture, private domestic service, and certain classes of permanent employees, such as civil servants, railwaymen, etc., numbering about three million altogether. Its definitions of insurability, exceptions, and exemptions kept closely to the model of the Health Insurance Scheme. There were and always will be great administrative advantages in this uniformity; for one thing, it facilitates the use of a joint inspectorate to enforce compliance with both the compulsory insurances. Enforcement is not an easy task, for negligence and evasion are still not uncommon. Moreover, the whole system of collecting contributions by the sale of stamps has opened new vistas for the criminally inclined, and fraudulent dealings in used or stolen stamps on a large scale have been discovered in recent years. It is never, therefore, likely to be possible to relax official vigilance over the steady payments in respect of some twelve million wage-earners.

In the Act of 1920 the original contributions were not oppressive (for a man 8*d.*; for a woman 6½*d.*; see table on p. 110), and were on the flat rate principle for employments of any duration or at any rate of wages. Contributions were to be paid by the employer on or before each payment of wages, by means of stamps affixed to the unemployment book, the employer having the right to deduct the worker's share from his wages. Similarly, the benefits were only modest as compared with the ampler distributions under the Donation Scheme. After three (later six) waiting days of unemployment a man could draw 15*s.* a week, a woman 12*s.*, a boy 7*s.* 6*d.*, and a girl 6*s.* (Dependents' allowances were not introduced until the end of 1921.) The main conditions for the receipt of benefit under the 1920 scheme were substantially the same as under the earlier scheme; they were briefly:

(1) The payment of a minimum number of contributions during a prescribed period;
(2) Capability of and availability for work;
(3) Inability to obtain suitable employment.

The scheme thus continued the principle of limited liability laid down in the repealed Acts, *i.e.* it established an arithmetical test, a definite relation between the number of contributions and the period of benefit. First there was a qualifying requirement of twelve contributions before any claim was eligible; next, there was a limit of

fifteen weeks' (subsequently increased to twenty-six weeks') benefit in any one year; finally, and most important of all, no claimant could draw more than one week's benefit for every six contributions.

The 1920 scheme was an endeavour to carry on and apply to all industrial workers the scientific theory of unemployment insurance which had prevailed in the years 1909–14. The theory was that a certain minimum of unavoidable unemployment would always be created by the fluctuations and transitions of industry. Spells of worklessness might be short, but they were to be expected by nearly all workers. Thus the risks would, on the whole, be fairly evenly spread. Contributions should be kept low, and benefits at the rate of 15*s.* a week, while not the equivalent of wages, would serve to tide men over from one job to another without complete cessation of income. Moreover, trade unionists who could afford it would be encouraged to make supplementary provision for themselves by the method of voluntary insurance. Nor did a period of fifteen weeks in a year seem to be an unreasonable maximum. In 1913 and 1914 less than 1 per cent. of the claimants of benefit had reached such a limit. The longer duration of unemployment in any individual cases would argue the existence of personal defects or other special factors which would render such cases unsuitable for the methods of insurance, or, at any rate, unsuited for further assistance under this scheme.

These benefits looked very meagre, both in amount and duration, as compared with the generous payments under the Out-of-Work Donation Scheme, on which, it must be remembered, the unemployed ex-service men could still draw until April 1921, *i.e.* for four months after the new Unemployment Insurance Scheme came into action. It is, indeed, difficult to believe that the 15*s.* a week would have satisfied the ex-service men, even if there had been no more than the estimated normal figure of 4 per cent. of unemployment.

But the matter was never actually put to the test, for the deep wave of unemployment began to reveal itself in the autumn of 1920, and no sooner had the new Act come into operation than the entire outlook was altered, and altered for the worse. Accentuated by the demobilisation, not only of our war armies, but also of our war finance and of our war industries, the numbers of unemployed were greatly increased even before the start of the scheme in November 1920.

Annual Percentage of Insured Persons Unemployed, 1921 *to* 1927.

	1921	1922	1923	1924	1925	1926	1927
Percentage . .	17	14·3	11·7	10·3	11·3	12·5	9·7

Average = 12·4 per cent.

Instead of 4 per cent. of unemployment, these seven years showed the unprecedented average of

over 12 per cent. During the coal dispute of 1921, well over two million workers were unemployed, or over 20 per cent. of the whole insured population, and the year 1926 was, for the same cause, nearly as bad.

It is obvious that no insurance scheme could pretend to cope with 20 per cent. of unemployment unless it had been in force for some years during which the state of employment had been good enough to enable the great majority of contributors to accumulate considerable reserves. Under the scheme as it stood only a small proportion of the workless, probably a minority, would have been appreciably assisted or "tided over" the gaps in wage-earning by the benefit to which they would have had a title. Many thousands of unemployed men would never have qualified at all, and many would not even have had a single contribution to their credit, let alone the minimum twelve required by statute. For them there would be nothing but the Poor Law. The only alternatives open to the Government were either to revive the Donation Scheme, or invent some other grant of maintenance.

In the year 1920 British public opinion was in a state of transition. The feverish faith in a reconstructed and more generous world, both at home and abroad, was rapidly cooling. But the pledges and hopes of 1918 had not so far faded from memory that any Government could face the country with a proposal to leave large masses of the unemployed to

the mercies of the Poor Law. Moreover, the Boards of Guardians were not a work-finding agency, and out-relief, given by them on a large scale, could be less well protected from abuse than benefit given by an Employment Exchange. National opinion and sentiment had, in the previous decade, definitely decided to lift the treatment of the genuinely unemployed and able-bodied man on to a higher plane, where it must be made possible for him to exercise a constitutional right to subsistence without incurring any stigma or reproach. High principles are dangerous things, and this particular principle, however just, was now to be put to the severest test.

2. The Expansion of Benefits.—The Government of 1920–21 had to determine whether, temporarily, to return to the method of a separate scheme of Out-of-Work Donation, or to adapt and greatly expand the benefits of the newly launched Unemployment Insurance Scheme. To the latter course there was the important objection that it would disrupt the whole actuarial basis of the scheme. Not only had the contributions and benefits been carefully related to one another, but they were in the nature of contractual obligations into which the Government had entered as the price of imposing a compulsory system upon industry. To manipulate the benefits for its own convenience in an emergency, and to use the funds for the relief of non-contributors, might look like breaking faith with the contributors. Indeed the

whole principle of contributory insurance might be put in jeopardy.

On the other hand, there were formidable difficulties in the alternative method. The renewal of a free donation by the State would be even more likely to undermine the contributory principle than a widening of the insurance benefits and would cost far more. The Chancellor of the Exchequer must be saved from so calamitous an expenditure by calling in partners (employers and workpeople) to help him pay the bill, for by this time the Treasury, which had never shown any love for the insurance schemes in the early days, had become fully alive to the advantages of raising money for social purposes by means of insurance premiums, rather than by the hand of the tax-gatherer. Moreover, that department undoubtedly wished to turn to account the reserve of £22,000,000 which had been accumulated in the Unemployment Fund under the old limited scheme before 1920. A further consideration was: How could any distribution of allowances be organised, except through the machinery of the Employment Exchanges, which were already charged with the work of unemployment insurance? A work-finding agency was indispensable, and, although the notification of vacancies by employers was still far from being the general rule, still there was no other agency at hand which could hope to beat the Exchanges at their own function. The tests of genuine unemployment and the measurement of

labour supply and demand must be the business of the Exchanges, whether the relief given was in the form of insurance benefit or a free dole of money.

It was therefore decided that the whole mass of the insurable unemployed should be kept, so far as possible, within the four corners of the Unemployment Insurance Scheme and dealt with by the Employment Exchange system. The importance of that step, taken by the Coalition Government in March 1921, when the ex-service Donation Scheme ended, was far-reaching. What was done was to graft on to the rights to benefit which were covenanted under the Act, a new kind of benefit beyond what was due on the basis of the original contributions. At the same time the weekly benefits were temporarily raised to 20*s*. for a man and 16*s*. for a woman. Insured persons who had exhausted their covenanted rights, or who in many cases had never acquired such rights at all, were granted increased periods of benefit on conditions which, broadly, amounted to this : that they were genuine workers, able and willing to work, but unable to obtain it. Their stake in the insurance fund might be even a minus quantity. This was a wholly new kind of benefit, the true status of which has never been properly defined. In so far as it rested on a very slender contributory basis, it may have earned the name of "the dole." On the other hand the theory was advanced that these new grants of

benefit were given to persons who would sooner or later secure regular insurable employment, and thus be enabled to pay back their debt to the fund. The payments were none the less held to be discretionary payments, which, unlike covenanted benefit, could not be claimed as a right. The theoretical issue became even more confused when, a few months after the new benefits were started, the rates of contribution were also raised, thus completely altering the contractual basis laid down in the principal Act.

The benefits of the 1920 Act having thus been transformed both in amount and duration, there was no great stir when another new benefit in the form of family allowances was introduced in November 1921. The addition of dependents' allowances for wife and children was not consistent with the original scheme of flat rate insurance for all adult men, and it further revolutionised the finance of the scheme, but it was none the less a very beneficent and acceptable form of benefit. Without it thousands of families would have been compelled to resort to the Guardians for supplementary out-relief with which to eke out their 15*s*. a week benefit. Even as it was, plenty of recipients of benefit were able to prove their need of small weekly doles from the Poor Law, in order to avoid destitution. Dependents' allowances have doubtless come to stay, as a feature of Unemployment Insurance, and a Royal Commission has since recommended (so

far without success) that the Health Insurance Scheme should follow suit.

These vast accretions to the original scheme must be regarded, not as developments of a logical plan, but as arbitrary improvisations to meet the economic emergency with which the country was faced. The patchwork system was characteristic of English methods and escaped serious criticism mainly because no responsible persons had anything better to propose. In effect it still holds the field in 1928, and the history of the scheme in the intervening years is largely that of a struggle to adapt its emergency provisions to meet the diverse needs of over a million unemployed, to protect the Poor Rates as much as possible, and yet not allow the benefits to degenerate into a mere duplication of the Poor Law or a general distribution of charity to the needy. The perplexities of the various Governments are reflected in the fact that no less than twelve amending Acts were passed by a bewildered Parliament between 1920 and 1927. The original fabric of the scheme was retained, and a large proportion of claimants drew benefit only within the statutory conditions, but it was by means of the emergency provisions that the greater part of the unemployment up to the year 1928 was relieved. Most of the claims were to uncovenanted (extended) rather than to covenanted (standard) benefit, and although the actual amounts paid out in the two kinds of benefits have never

been shown separately, it is safe to say that the largest drain on the fund was due to uncovenanted benefit.

So far as the recipients were concerned, the payments were very like the old Out-of-Work Donation, but they were made only to persons who were normally in insured trades, thus cutting out men and women in agriculture and private domestic service, and only subject to certain new tests. That there was, however, a substantial difference from the point of view of the Exchequer will be seen from the following review of the contributions policy.

3. Contributions Policy, 1921–1927.—The financial basis of the original Act had, of course, made no sort of provision for these *ex gratia* grants; new sources of supply had therefore to be found. Three steps were taken, each of them inspired by a desire to cut to the bone any new burden on the Treasury. First, the accumulated fund of £22,000,000, handed over from the earlier insurance scheme, was spent in meeting the rush of claims in the first six months. Secondly, the weekly rates of contributions were by the end of 1921 advanced to 1*s.* 7*d.* (for a man) and 1*s.* 3*d.* (for a woman), and the Exchequer's share, *i.e.* one quarter of the total contribution, was correspondingly raised to 6¾*d.* (man) and 5¼*d.* (woman). Finally, power was taken to borrow, at interest, from the State, loans up to a maximum of £30,000,000.

Thus, for seven exceedingly lean years, three-fourths of the cost of maintaining the unemployed on benefit had to be borne, and was borne without serious complaint, by the insured workpeople and their employers; indeed for a few months only one-fifth was contributed by the State. Whether this apportionment of the cost was equitable to the steady-going workers who never exhausted their credit with the fund or never needed to claim benefit at all is open to question. Naturally it is inherent in any scheme of mutual insurance that the good lives must pay for the bad, and if it could be proved that the risk of unemployment was, in fact, fairly evenly spread over the whole body of insured persons, no reasonable ground for complaint would exist, but if a scrutiny of the ledger accounts at Kew showed, over a long period, an unreasonably marked discrepancy between the amount of money drawn from the fund by the group of steady contributors on the one hand and the amount drawn by the group of persistent claimants on the other, it might be held that here was a case where the method of compulsory contributory insurance at a very high flat rate had been misused. No such analysis of the *expenditure* from the fund has, in fact, been possible, but an official investigation made in 1926 revealed that, over a period of five years, only 52 per cent. of those insured persons who had paid contributions had at any time drawn benefit. Such a disclosure cannot be altogether

reassuring for the 48 per cent. of insured persons who paid these heavy contributions for every week of their employment in the five-year period without drawing a penny in benefit. The employers of the regular workers have a similar grievance. Assuming that the whole burden of the emergency unemployment had to be borne by the contributory insurance scheme, the conditions were, indeed, just those in which a low contribution from industry and a high contribution from the State would have been more fitting. The same result might, of course, have been achieved by a system of rebates to non-claimants, but that system, though it may work well in motor car insurance nowadays, had already proved an administrative failure under the 1911 Unemployment Insurance Act.

The foregoing facts may or may not provide useful arguments for the advocates of a non-contributory system, but they certainly add force to the contention that the State ought, in all the circumstances, to have shouldered a larger share of the increased contributions or even have paid the equivalent of the whole cost of extended benefit. During the seven years from November 1920 to December 1927, the State contributed £83,000,000, while the employers' share was £117,000,000 and the workpeople's was £104,000,000.

Reviewing the whole history of the contributions, there were four changes between 1920 and 1928. They are as follows :

Unemployment Insurance Acts, 1920–1928.

Changes in Rates of Unemployment Insurance Contribution for Men.

Date of change.	U.I. Contributions borne by		
	Employers.	Employees.	State.
1920	4*d.*	4*d.*	2*d.*
1921	8*d.*	7*d.*	3¾*d.*
1921 (Nov.)	10*d.*	9*d.*	6¾*d.*
1923	10*d.*	9*d.*	4¾*d.*
1926	8*d.*	7*d.*	6*d.*

The history of the State 6*d.*, which is the last item in the table, is not without interest. In 1925 the Government were compelled to review the whole question of insurance contributions, because they were carrying through the new Widows, Orphans, and Old Age Pensions Act as a large addition to the social insurance of the people. Health and unemployment contributions were both readjusted and the Government then admitted that, ever since the unemployment insurance contribution had been raised to 1*s.* 7*d.* (10*d.* and 9*d.*), industry had been left to carry a disproportionately heavy share of the burden. They therefore proposed not only to lower the rates to 1*s.* 3*d.* for industry, but also, as from April 5, 1926, to raise the State share from 4¾*d* to 8*d.* This would have made the Exchequer responsible for more than one-third of the whole unemployment insurance contribution—not, perhaps, an undue share having regard to the partial

responsibility of national policy for the wave of unemployment. But the repentance was shortlived. In February 1926 the Economy Act of Mr. Churchill lowered the State share again to 6*d*. Thus, under the spur of economy, the decision to raise the State contributions to 8*d*. as from April 5, 1926, was thrust aside before the date arrived for the Government to implement its promise. The argument was that relief had already been given to the contributors in industry by the reduction from 1*s*. 7*d*. to 1*s*. 3*d*., and that it was the State's turn next. No corresponding reduction was made in benefits. In three months came a general relapse of employment as the result of the calamitous coal strike of 1926, and the Unemployment Fund ran deeper into debt to the extent of a further £15,000,000, making altogether an overdraft of £23,000,000. Finally, in 1928, the debt of the Fund mounted so near to the statutory limit of £30,000,000 that the Government introduced a stop-gap measure extending the borrowing powers by another £10,000,000, and during all this time the Unemployment Fund had to pay to the Treasury the current rates of interest on the loan.

4. Benefit Policy, 1921–1927.—In these years the changing political and economic conditions were responsible for several changes in the rates of unemployment benefit as well as in the rates of the threefold contributions. Benefit was raised, lowered, and raised again, and the precise conditions under which it might be drawn underwent several

variations. The following table shows the rates of benefit at different times :—

Rates of Unemployment Benefit from 1920–1927.

Date of change.	Weekly Rates of Benefits payable to		
	Men.	Women.	Juveniles under 18.
November 1920 . .	15*s.*	12*s.*	Half rates
March 1921 . .	20*s.*	16*s.*	,, ,,
July 1921 . .	15*s.*	12*s.*	,, ,,
November 1921 . .	Introduction	of allowances	for dependents
August 1924 . .	18*s.*	15*s.*	7*s.* 6*d.* boys ; 6*s.* girls

Between 1921 and 1924 dependents' allowances were at the rate of 5*s.* a week for a dependent adult, and 1*s.* for each child. From August 14, 1924, they were raised in the case of dependent children to 2*s.*

The more generous benefits of 1924 represented an attempt of the Labour Government to improve the lot of those claimants who were suffering long or frequent spells of unemployment. Explicitly, the Labour Government's efforts were directed towards keeping the able-bodied off the Poor Law. Under the lower scales thousands of families had fallen back on the Guardians for out-relief to supplement their insurance benefit. Similarly the gaps in uncovenanted benefit, which had been imposed on claimants who had drawn such benefit for a certain limit of weeks, had merely been a signal for recourse to the Poor Law. The admitted oscillation

of large numbers of families from the Employment Exchange to the Guardians and back again was, in fact, a standing reproach to the administration of the day. Against some of these limitations and half measures the Labour Government set its face. Not only were the scales of benefit raised, as shown above, by the Act of 1924, but the arbitrary limits on the duration of free benefit were abolished. Uncovenanted, which was now re-named "extended" benefit could be drawn indefinitely and drawn as a right. At the same time, however, the requirement, which was never enforced, that at least thirty contributions must have been paid in the past two to four years, was announced as a pious intention to be brought into force when trade improved.

But such bald statements of policy are hardly fair to the general reader. Some explanation of "benefit law" and administrative practice during the years 1921–7 must be attempted, and since the social effects were important, this retrospect would be incomplete without it.

Every claimant to benefit, whether standard or extended, in addition to proving that he was genuinely unemployed, had first to show that he had at least eight stamps in the two preceding Insurance years (July to July) or, if not, thirty stamps at any time since entry into insurance. This condition limited benefit to those who had paid at least some contributions and were within the scope of the scheme. It represented the

temporary relaxation of the statutory requirement of thirty contributions in two years. To qualify for standard benefit a claimant had to show that at least twenty contributions had been paid since the beginning of the last preceding insurance year. If this condition was not satisfied, or if standard benefit was not payable owing to exhaustion of contributions, the claimant, unless he belonged to one of the classes specially excluded under the Minister's discretionary power, was considered for a grant of extended benefit. Four additional conditions were then applied.

These Special Conditions for extended benefit were :

(1) That the applicant was normally in insurable work and would normally seek to obtain his livelihood by means of insurable work ;
(2) That in normal times insurable employment would be likely to be available for him ;
(3) That he had during the two preceding years had a reasonable amount of employment, having regard to the opportunities for obtaining employment ;
(4) That he was making every reasonable effort to obtain employment.

To enable the Minister to apply these admittedly indeterminate rules, he was empowered to consult the Local Employment Committees attached to each Exchange (as had been done in the case

of Donation), which meant that in practice the recommendations of the committees would nearly always be carried out. The committees also had to review certain claims to dependents' allowances and questions as to the adequacy of family income in the case of single young men living with their parents. But, in the exercise of his discretionary power under the amending Act, the Minister of Labour applied, from March 1921, certain overriding limitations as to the classes of persons who were eligible for extended benefit. Single men and women residing with their parents (subject to an income test), married women whose husbands were in employment, married men with wives in employment, persons working short time, and certain classes of alien were all excluded.

These overriding restrictions were temporarily abolished by the Labour Government in 1924. The discretionary power was waived, so that no class as such could be excluded from extended benefit, which was to be claimed as a right. The new policy looked dangerous, and politicians wrung their hands over the prospect of more "doles." But claimants to extended benefit still had to face the ordeal of interview by the Local Employment Committees, and still had to satisfy the extra conditions over and above those laid down for standard benefit; and as they were not automatic or mechanical rules, the Committees still had to weed out the undeserving cases.

Extended benefit from 1921 to 1924 took the form of grants for a specified maximum number of weeks to unemployed persons who had exhausted their contributory rights. Special periods were determined, within which these grants of extra weeks could be drawn, and the thousands of claimants who were cut off from benefit at the end of their allotted weeks had to wait until the next special period before they could qualify for another grant. Out-relief from the Guardians commonly filled the gap. The Labour Government of 1924 abolished these arbitrary periods, and they were never restored.

Finally there was the difference between the methods of determining standard and extended benefit claims. The determination of claims to benefit in respect of contributions (standard benefit) rested with the Official Insurance Officer, subject to the worker's right of appeal to the Court of Referees and, in certain cases, to the Umpire, who was an independent authority, equivalent to a High Court Judge. His decision was final. Extended benefit, on the other hand, was a purely discretionary grant by the Minister of Labour and was dependent upon the claimant satisfying the Minister that the four additional conditions were fulfilled, over and above those which applied to standard benefit claims.

It is difficult to make any precise measure of the effects of the Labour Government's amendments on the numbers drawing benefit. After August

1924 there was a fall of about 20,000 (or one-fifth) in the number of insured able-bodied men in receipt of out-relief, but the Ministry of Health attributed part of this decline to a seasonal improvement normal to the autumn months. At the same time claims to unemployment benefit increased slightly between August and December 1924.

How much or how little it all amounted to in numbers was further indicated when, in 1925, under the succeeding Conservative Government, the discretionary power was resumed by the Minister of Labour and the administrative rules were re-introduced as regards the claims of young single persons, married women, etc. In the ensuing four and a half months, under these rules, about 5·4 per cent.[1] of claims to extended benefit were then disallowed, which would have been allowed if the policy of the Labour Government had continued in force. Two years later, in 1927, these administrative exclusions were responsible for 182,465 rejected claims, which represented the same proportion (5·4 per cent.) of cases considered as in 1925. The limiting effect therefore of these restrictions was not sensational.

It seems clear, however, that in the year 1925, quite independent of any changes in legislation, there *was* a tightening up of benefit administration, and this affected claimants to standard as much as

[1] Under the revived discretionary power obtained in 1925, 73,604 persons were disallowed during the period August 25, 1925, to January 11, 1926.

claimants to extended benefit. In 1924 267,579 claims (chiefly standard benefit claims) were disallowed by the Chief Insurance Officer and 47,907 by the Courts of Referees (who heard cases on appeal against the Insurance Officer), whereas in 1925 these two totals for disallowances rose respectively to 442,000 and 90,026.[1] "Not genuinely seeking work" is the new ground of disallowance which in 1925 seems to have been responsible for the increase. Such broad numerical comparisons may require qualification on points of detail, but at least they prove the direction of policy during the two consecutive years 1924 and 1925, when the annual percentage of unemployment only varied from 10·3 to 11·3 per cent.

The following figures, which were officially quoted in 1927 in the House of Commons, are also of interest, even though they omit any comparison with earlier periods: Between January 1, 1925, and May 25, 1927, 316,261 claims were disallowed by the Chief Insurance Officer on the ground "not genuinely seeking work," but 48,222 of these were allowed on appeal to Courts of Referees. In addition, 720,254 applicants for extended benefit were disallowed by Local Employment Committees as "Not making reasonable efforts to obtain employment." (Not all of these referred to separate individuals.)

It was also stated incidentally that, in the

[1] See *Ministry of Labour Annual Reports*, Cmd. 2481 and Cmd. 2736.

administration of extended benefit, the proportion of female claims disallowed was twice as large as the proportion of male claims.

Altogether there is hardly room for doubt that the authorities were making special efforts, particularly after 1924, to tighten up the administration. Without altering the rules of benefit, and still accepting extended benefit as a necessary relaxation, they were striving to restore to the scheme some semblance of its original principles. Fundamentally, what stood in their way was their inability to insist upon the thirty contributions rule without a social upheaval in some districts. From 1924 onwards successive Acts laid it down that *no one* should receive any benefit, standard or extended, unless they had paid at least thirty contributions in the two preceding insurance years (July to July). But each Act in turn postponed the date of operation of this fundamental condition. Each Minister took the line that some rock bottom must be afforded to the scheme, but each said "Not just yet." The latest, though not necessarily the last, extension[1] was to April 19, 1929, *i.e.* five years after the pious resolve was first put into an Act of Parliament. Meanwhile about one quarter of the beneficiaries under the scheme, *i.e.* over a quarter of a million at any one time, were only kept in benefit by the waiver of this rule.

Not that, in spirit and effect, the rule was never

[1] Covering adults but not juveniles under 18.

applied. Much depended on the district and on the view taken by the Local Employment Committee of the word "reasonable" in the formula, "not a reasonable period of insurable employment in the preceding two years." In South Wales, for instance, or at Barrow, Local Employment Committees felt unable to disallow claimants who, they knew, had never had a chance of any local employment whatever. These were the "catastrophic" districts. The bottom had fallen out of the prevailing local industries, causing the tragic spectacle of young, vigorous men continuously out of work for as much as thirty months on end. In other districts, notably London and the south-east of England, where new enterprise and new openings made amends for the slackness and decay of older businesses, the Local Employment Committees gradually raised their standards, with official encouragement, until very few claimants were allowed to draw extended benefit without being able to show thirty contributions in the foregoing two years. Naturally, the same elasticity was found in the standards applied, district by district, to the claimant's efforts to obtain employment on his own account. In the "catastrophic" areas, not even unskilled employment of low grade and temporary duration was likely to be available for anything like the number of able-bodied men thrown out of wage-earning, and it was of little use to insist on a personal search for work which everyone knew to be hopeless. In

London, on the other hand, where the search for work was never a hopeless proposition for the energetic type of worker, higher standards were adopted by rota committees and officials.

Such local variations might be an easy target for criticism. They might, for instance, be attacked as having immobilised labour in decaying trades or districts ; but any payment of maintenance has that effect, unless accompanied by restorative methods such as training, transfer, etc. In fact, there was a considerable migration of unskilled and semi-skilled labour from the North and from the West into the more prosperous area of the South and South-East. Discovering, even before the statisticians, that the springs of industrial energy were moving south (after a century of movement in the opposite direction) men left their Lancashire towns and their Welsh coalfields and transferred their claims to benefit to other areas. Some were found jobs by the Exchanges with advance of fares, but many of them tramped the distance to London, putting in at casual wards on the way. They might be met in the country roads, or at the Employment Exchanges when they arrived at their destination. Known individual instances of this kind do not, of course, prove a regular migration of working people, but, in any event, it is sufficiently obvious now that not even the strictest administration of benefit and Poor Law would have cleared the stagnant pools of unemployment in the " depressed areas."

5. Some Effects on Employment Exchanges and on Local Employment Committees.—It will have been seen above that the authorities, in their efforts to administer extended benefit so that it only reached the right recipients, were led on to adopt methods which were inconsistent with the principles of the original State Insurance Scheme. Home visits became necessary; family incomes were assessed, and the needs and merits of applicants were taken into account.

For the performance of these functions neither the Employment Exchanges, nor the Local Employment Committees attached to them, were fitted. It may even have conflicted with their proper functions and their standing in their locality. Industrial inquiries and the detection of benefit fraud were naturally within the official sphere, but every investigation into home circumstances and merits was, potentially, an instance of overlapping with the administration of the Poor Law. In the event of a subsequent application for outdoor relief, the relieving officer would be legally required to investigate the home all over again. Nor were the members of Local Employment Committees, or the persons co-opted by them to assist in manning the rota committees, particularly equipped for assessing the needs and merits of applicants.

These committees were first set up in 1917, as advisory local bodies to assist the Employment Exchange to keep in closer touch with employers,

trade unions, and local industry. They were almost entirely composed of persons nominated by associations of employers or trade unions, and were not originally intended to play a part in the Unemployment Insurance Scheme. They were only called upon in 1921 because there was no other body available. To a large extent the personnel of the interviewing committees was made up of local trade unionists, because it was difficult to get the employers to attend, when daily or very frequent meetings were required. As business men they could not comply with such unremitting demands on their time. Not that any general charge of lenience, still less of extravagance, can be brought against the Labour personnel. They performed their task of interviewing applicants with conscientious zeal; indeed some of them were, if anything, inclined to be more royalist than the King! The point is that the distribution of money to a miscellaneous assortment of working men, some of whom might be members of their own union, was not an appropriate function for trade unionists, who had been nominated to the Local Employment Committees to advise and assist the Exchange on purely industrial questions. To the applicants for extended benefit and to the outside public it certainly looked as if the Local Employment Committees controlled the purse-strings, and disbursed monetary aid to whomsoever they would. But nominated persons, with no electoral sanction behind them, and responsible

to no one, have not usually been allowed to take a hand in the spending of public funds in this country.

In actual practice there was a less wide departure from this constitutional rule than appeared to be the case to applicants. The Local Employment Committees were bound by a series of official instructions and definitions; they knew that any recommendation contrary to official policy would not be implemented. Their interviews were attended by local officials and their decisions, if disapproved, were referred to a higher authority for decision. If necessary the Headquarters of the Ministry of Labour were called in to keep the erring committee, or the too independent member, within bounds. Unreasonable disallowances were checked, no less than undue generosities. Sporadic revolts by committees were not unknown, but in the end practically all the 324 committees came into line and did as the Department told them.

Looking back on this phase of the scheme, there is no doubt that the Rota Committees always had an invidious task in applying the special conditions for extended benefit. It was not easy to decide whether a man over sixty or a disabled man was ever likely to get insurable employment again. Still worse was the perpetual difficulty of deciding whether a man or woman was making reasonable efforts to obtain work. Sometimes the applicant was ingenuous enough to give himself away, but more often he had a ready tale and even documentary proof of employers

visited. It was well-nigh impossible to detect impostures, and Rota Committees came to rely on the merest shreds of evidence in order to arrive at their verdict. Within their limits, however, the committees performed a valuable voluntary service for the Ministry of Labour and saved the local Exchange officials from many inappropriate responsibilities. It is indeed arguable that the committees' decisions, even if wrong, were less resented by applicants than wrong decisions by " bureaucrats " would have been. The system was brought to an end in April 1928, as will be seen in the next chapter, but in their six years of work the committees had, according to the official calculation, reviewed as many as twenty-five and a quarter million applications for benefit. Such voluntary service deserves a full measure of praise.

So far as the " placing " work of Employment Exchanges was concerned, the great onrush of benefit claims in 1921–27 could hardly fail to be a mixed blessing. Often the best interests of the Exchanges were overmastered by considerations of benefit administration, and notable among such considerations was the new insistence on a personal search for work by claimants for benefit. The rule that registration at an Exchange or Branch Office was not enough to prove genuine unemployment was first laid down in 1921 for claimants to extended benefit only, but in 1925 (pursuant to the 1924 Amending Act) it was made to apply generally to

claimants of standard benefit, who still possessed contractual rights under the Acts. It was, of course, a deliberate repudiation of the Employment Exchange policy followed in earlier years, for it involved the sacrifice of the cherished ideal of making the Exchanges the sole placing agencies and the sole market-place for labour. It stressed the obvious fact that the Exchanges were hardly equal to the task of applying in every case the fundamental test of unemployment, *e.g.* "Is suitable employment available or not?" Admittedly, employers had only reluctantly and partially come round to the idea of notifying their vacancies to Exchanges, but between 1910 and 1921 much of the aloofness had been overcome, and as many as 25 per cent. of the vacancies in some of the large towns were put through the Exchanges. Under a system of extended benefits, however, such a proportion was not enough. With well over a million claimants pressing upon the Unemployment Fund, the test of "genuinely seeking work" and "making reasonable efforts" had to be interpreted in something wider than a technical sense. Claimants must not merely register at the Exchange for employment; they must actively seek it on their own account.

The effect of the changed policy on the morale of the unemployed may have been stimulating, and, doubtless, large numbers of persons found short jobs in unskilled work soon after they were struck off benefit as "not making reasonable efforts." But

it is unsafe to assume that they found jobs which would otherwise have gone begging. Someone would have filled each place, and for the lack of it someone else would be likely to claim benefit. Wherever there was a surplus of labour, no employer would fail to get a man if he wanted one, either at his own gates or through the Exchanges. In all probability the policy of the Ministry of Labour resulted and still results in a further spreading of work and benefit among the surplus of labour, instead of concentrating employment and defining the surplus more sharply. Moreover, it was clearly against the best interests of the Exchanges to insist upon applicants tramping from firm to firm and applying daily at employers' gates. It was simply saving the foremen and others the trouble of notifying vacancies. It encouraged them to take what men they might find at their hand, instead of looking to the Exchange to choose, from a large number, the men judged most suitable for their particular requirements.

6. Alleged Abuses of Benefit.—It is always a popular pastime to allege that the beneficiaries under an official relief scheme are able to defeat the precautions against fraud, but allegations of this nature about the Unemployment Scheme have usually been exaggerated. That some mistakes were made and some frauds perpetrated goes without saying in the case of so vast a distribution as the payment of benefit to seven or eight million different

individuals over a period of years. Such mistakes are of many different kinds : some are official errors, not due to any guile on the claimants' part ; others are errors of judgment which are obviously inseparable from any scheme of discretionary payments such as extended benefit. The anxiety of the Ministry of Labour to check any improper authorisations of benefit is shown by the fact that there were ten special investigations[1] by Headquarters Officials into large samples of authorised claims between 1920 and 1927. Of the claims and claimants examined not more than 5 per cent. were ultimately disallowed. One of the protections of a scheme of payments of this kind is that when an error or overpayment is discovered, there is often an opportunity of recovering the money by deduction from later payments. Recovery of benefit overpaid is an abomination to the unemployed man or woman, but it has always been a regular feature of administration.

Criminal frauds upon the Fund fall into a different class. It is one of the inevitable drawbacks of paying a fairly generous rate of benefit, that it adds to the attractions of successful fraud. Many kinds of deception have been attempted, the commonest being to claim benefit whilst in employment or to misstate the facts in order to draw dependents' benefit.

[1] These are not to be confused with the three "Sample" investigations into the personal circumstances of unemployed applicants, referred to in Chapter VI, below.

Probably most of these are discovered and brought to book sooner or later. It is, however, not so easy to secure a conviction in Court in respect of every suspected case. The figures for an average year show that, out of every 4000 claimants, 11 are suspected of fraud and 2 are actually prosecuted. Such a proportion of criminals, whether measured against the total number of beneficiaries or against the total number of insured persons, is obviously not very alarming.

A word must be added to dispose of the allegation that, owing to the fact that the payment of benefit and the distribution of Poor Law relief are under entirely separate authorities, there are many individuals who manage to secure both kinds of payment simultaneously and dishonestly. It is said that they hoodwink both the Employment Exchange and the Guardians, because neither know what the other is paying. There may have been some ground for this suggestion in 1921, but, for several years past, a systematic co-operation has been established between the Exchanges and the relieving officers. If the relieving officer is told by an applicant that he is getting the full rate of unemployment benefit and dependents' allowances to which he is entitled, no question of fraud can arise. If, however, he states that he is receiving less than this, or denies that he is getting any benefit at all, it is the regular practice of the Poor Law authorities to give the applicant a form to be filled up by the

Exchange manager with regard to the facts as to benefit. Workhouse officials supply the Exchanges with lists of their inmates in case, during temporary absence from the institution, they may apply for benefit; and, finally, when the Guardians pay relief to an applicant whose benefit claim is under consideration (often for several weeks), the Exchange reimburses the Guardians by deductions from any benefit allowed to the claimant in respect of the period during which relief was paid.

7. Social Effects of the Benefit Policy.—From the foregoing record of the policy followed in respect of unemployment insurance, it is clear that, under the spur of necessity, Ministers and their officials were driven into strange courses. Fits of generosity were succeeded by fits of economy. Compulsory insurance contributions were piled high. The State share, the amount of the debt, in fact the whole financial basis, became quite arbitrary. Benefit was expanded until it practically became a gift to at least half the claimants. Then, in an effort to check the flood of claims and weed out some of the less deserving cases, new tests were invented and new functions were vested in the Exchanges and the Local Employment Committees. The original insurance scheme of 1920 was distorted almost out of knowledge.

But, after all, the need was overmastering. It was no time for the nice adjustment of insurance principles. Maintenance of some kind had to

be provided for millions of workers (and their dependents) who were deprived of their weekly wage through no fault of their own. And it was no small achievement that, during such a time of unexampled stress, the worst ravages of poverty should have been kept at bay. Starvation was scarcely known and children were kept clothed and fed. In 1923 an inquiry, conducted by Toynbee Hall, in the heart of East London, revealed no outstanding evidence of unrelieved distress, and similar reports came from other industrial areas. It was mainly the provision of unemployment benefit which kept the community going on a more or less even keel during these years. Discontent was naturally there, but outbreaks of violence were scarcely noticeable. In 1921–3 groups of the unemployed, usually inspired by communists, marched about the country, after the manner of Stewart Gray's hunger marches. A few town halls were besieged or commandeered for an hour, a few Boards of Guardians were invaded in their council chambers. These incidents were sporadic. The movement never got into its stride on a national scale, and, after 1923, it rather surprisingly died away altogether. Naturally the ever-changing personnel of the unemployed mass made organisation very difficult. The trade unions were never directly involved, and the Trade Union Congress was divided between a dislike of the threat of a separate organisation for the unemployed and a distaste for accepting

responsibility for them. Moreover, the unions had plenty of work on their hands in coping with the falling wage-rates of their members who were still at work. Politically, the subject was kept in the forefront. Regularly in every session of Parliament motions or votes of censure were moved demanding more relief works and more generous maintenance for the unemployed. Not to have made these demonstrations would have argued a callous disregard of the human and economic tragedy that was being enacted, but nothing, at least nothing significant, came of them, because the Government believed no longer in relief works, and there was no money to spare for higher benefits. A revival of trade was the only hope.

Effects on the Poor Law.—The beneficial effects of the payments distributed from the Insurance Fund may be compared to a net spread in the emergency to check the fall of as many as possible of those who temporarily or permanently had lost their footing on the industrial structure. It served at any one time to catch a million or more of the unemployed who, with their dependents, accounted for, say, 4,000,000 persons, and to hold them just above the level of destitution. But at all times there were a few who fell through the "benefit net." What of them? Did they all become clients of the Guardians? The answer is that a considerable number of them did apply for poor relief, though not so many as some critics alleged. Admittedly,

the workhouse test had broken down and out-relief in their homes had to be freely given in most unions to able-bodied men who were destitute, whether being insured persons under the Unemployment Scheme or not. Nothing less was to be expected in the lean years following 1920. The annual cost of out-relief in England and Wales jumped from £2,500,000 pre-war to £15,000,000 in 1925–6, but this increase was by no means wholly due to the destitution of employable and insured persons. The larger share of the money was paid out to households where there was no insurable wage-earner and, therefore, no question of a claim on the Unemployment Fund. Exact statistical analyses were not kept until October 1926. All that can be said is that the Poor Law figures for out-relief fluctuated wildly after 1920, showing sudden increases during strikes, lock-outs, and the recurring gaps in benefit periods. Taking the average of normal months throughout the seven-year period, about 120,000 to 140,000 insured unemployed persons, numbering with their dependents about half a million, seem to have been in receipt of out-relief. At the same time the average figures for out-relief in England and Wales were about a million men, women, and children. Thus, families in which the wage-earner was normally an insured person accounted for about half the total number on out-relief. But they did not cost as much. The average weekly cost per head of families in which the bread-winner was

insured amounted to from 2*s.* to 1*s.* 6*d.* less than the cost per head of families where the bread-winner, if any, was uninsured. Thus the total cost to the rates of the latter was greater than the total cost of the former; a fact which must be remembered in estimating the adequacy of the Unemployment Insurance Scheme in keeping the able-bodied unemployed and their families off the poor rates. It is well known that the burden on the localities was most unequally distributed, and that the heaviest burden fell on areas which were already subject to high rates or were, for other reasons, less well able than their neighbours to bear the extra strain. On the other hand, many Poor Law unions paid no out-relief to able-bodied workers or their dependents, and in such areas the Unemployment Insurance Scheme, with its emergency provisions, was the only resource.

Looking at the figures from the insurance point of view, it appears that less than one in nine of the insured persons unemployed at any one time relapsed into partial or complete destitution and became chargeable to the rates. How did they come to be in this position? It is worth while to consider briefly the principal types of case.

A certain number, probably a minority, were chronic cases—members of that class which habitually ekes out a precarious living by short spells of employment, separated by long spells of dependence on whatever public or private relief is

available. Such persons would always outrun the limits of any insurance benefit, unless it was equivalent to a pension for life. Another group had not necessarily exhausted the wide limits of extended benefit, but had disentitled themselves by some fault of their own. Others again had been disallowed by the Local Employment Committees on one or other of the special grounds set out above, and others, who had not been disallowed at all, had nevertheless to apply to the Guardians, either because the weekly amount of benefit they could draw was insufficient for the bare maintenance of their large families, or because they could not subsist even for the six waiting days which must elapse before benefit could be drawn on a new claim.

The two last-mentioned classes introduce a difficulty which is inherent in all our social insurance schemes. Health, Pensions, and Unemployment Insurance all have fixed rates of benefit, and, so long as these rates, even when they include fixed rates for dependents, are below the actual cost of living, there will be a need for some other source of supplementary relief. Certain families will always be found whose bare physical necessities give them a claim to something more than the fixed scales of benefit. Out-relief or public assistance of one kind or another cannot be denied to them merely on the ground that they are already the recipients of benefit under a State scheme.

The foregoing analysis does not account for

all the insurable unemployed persons who were disallowed or struck off benefit. Not all were recipients either of benefit or of out-relief. There was always an intermediate class which received neither. Many thousands, whose benefit was stopped or whose claims were disallowed from the start, disappeared like ghosts: at any rate they did not apply to the Guardians. In one East London area, out of 4000 persons struck off benefit at the Exchange in six months, only 500 could be traced as applying for Poor Law relief. In other London areas one-third or more found their way to the Guardians. Much would depend on the amount of casual work in the area for which all comers could scramble, but the real determining factor was the relative leniency or strictness of the Guardians, which, in these years, is well known to have varied widely from district to district. The official assumption has always been that most of those who are refused out-relief find other means of support among relatives and friends. It may be true; family resources can sometimes be pooled and made to stretch a little further. But it is to be feared that our ignorance covers up many a human tragedy, involving loss of industrial quality and waste of life. Most Boards of Guardians still insist on the able-bodied workman sinking to an unmistakable stage of destitution before they grant any relief. Families, therefore, which keep their homes together so long as benefit lasts, and perhaps a bit longer, may have

to sell or pawn furniture or belongings before they can substantiate their claim to out-relief.

There are, of course, other important classes of unemployed persons which are missed by the official statistics. Among the "invisibles" are those whose occupation falls outside the scope of the Unemployment Insurance Acts: for instance, clerks whose normal wage is at the rate of £5 a week or more, agricultural workers, private domestic servants male and female, railwaymen, persons normally employed on their own account, and even a few who are still evading the Act or are unaware that they ought to have been insured and in possession of an unemployment book. In all these classes the unemployed remain uncounted in official statistics, unless they apply to the Guardians or register at the Exchange for work. Such defects in our statistics are inevitable[1] at present; even admitting them, it is still true that our British census of the unemployed is probably the model for the world. No other nation has evolved so complete a national system of recording unemployment.

But after making due allowance for these exceptions it is clear that the Unemployment Fund bore the real brunt of the trade depression so far as the provision of a subsistence for the unemployed workers was concerned. In the ten years following the Armistice nearly £50,000,000

[1] Except in the case of the railwaymen, whose continued exclusion from the scheme seems to be anomalous and unfair.

a year was spent in donation and benefit. Such distributions in small amounts did not prevent privation in individual cases, but the sum of 29*s.* a week, which could be drawn by an unemployed man with a wife and three children under fourteen, served in most cases to tide them over the intervals when no wages were coming in. It also helped at the next remove, because, being spent mainly in the local shops, it enabled small shopkeepers to keep their heads above water. Thus money was kept circulating in the right channels where it was most needed.

The modified insurance benefit achieved the main object of the Government, but the Act was clearly being used for purposes for which, in its original form, it had never been designed. The emergency provisions would have to be either abolished or incorporated in the statutory scheme. The Act would have to be remodelled sooner or later, and the Blanesburgh Committee was, in 1926, set the task of finding a way. The report of that Committee and the amending Act of 1927, based upon it, are considered in the next chapter.

CHAPTER V

The Blanesburgh Report and the Unemployment Insurance Act, 1927

1. The Blanesburgh Committee.—The prolonged experiment of dealing with "mass" unemployment through the medium of the Unemployment Insurance Scheme, which had been in force from 1921, never found much favour with public opinion. One party still hankered after a task of work in return for maintenance and was always suspicious that benefit was being abused by undeserving or even fraudulent claimants of both sexes. Another party looked in vain for such a thoroughgoing extension of benefits as would effectively remove all the genuine unemployed from any contact with the Poor Law. All parties were mystified as to the reality of any insurance basis to the scheme since extended benefit had apparently become a permanent outgrowth on the original structure.

To answer the critics on the general points of administration and, if possible, to rid themselves of the anomaly of extended benefit, to alter its form, if not its substance, the Government appointed, in

November 1925, a Departmental Committee under the chairmanship of Lord Blanesburgh with the reference :

" To consider, in the light of experience gained in the working of the Unemployment Insurance Scheme, what changes in the system, if any, ought to be made."

The Committee sat for a year and, in January 1927, issued an interesting report, which, like others of its kind, was stronger in what it denied than in what it affirmed and proposed. The signatories, having seen all the difficulties, were unmoved by any passion for scientific reforms or thoroughgoing reconstruction. If they had been intent on a logical scheme, they might have chosen either of two courses : They might have favoured the method of low contributions and of high benefits to be paid under statutory conditions to a limited class of beneficiary. Such a scheme would doubtless find favour with the more regular industrial workers, but the chronic casuals and the men or women who have only a precarious footing in industry would soon exhaust their rights to benefit or would never qualify at all. For them the State would have been invited to make other provision, if not through the Poor Law, then through some other intermediate fund financed by the Exchequer. Or they might have gone to the other extreme and devised a scheme for carrying the able-bodied indefinitely on the insurance fund. This would have

meant abandoning all arithmetical ratios between contributions and benefit, and relaxing all limits on the duration of standard benefit. True, the contributions would have been high and the injustice to the regular contributors would have been conspicuous, but at least a unified method would have been achieved and there would have been less left for the Poor Law to do in respect of the able-bodied. But neither of these courses was adopted.

2. The New Benefit Policy.—In effect Lord Blanesburgh's Committee favoured a compromise. They saw their way to the elimination of extended benefit by expanding the whole basis of standard benefit, but that expansion stopped short of the full range of extended benefit and was therefore calculated, unless trade greatly improved, to leave a larger remnant of the unemployed to the Poor Law than the existing system. They proposed to relax the limits of standard benefits as far down the scale as was consistent with a moderate charge to the insured contributor, the employer, and the Exchequer. The condition of one week's benefit for every six contributions was finally scrapped ; it had really lost its virtue six years before, when extended benefit became a recognised part of the scheme. In future all genuine claimants were to be entitled to benefit for an indefinite number of days, provided only that they could show, at each three-monthly review, that they had had 30 weeks' insurable work in the preceding 104 weeks. Such a rule achieved the

Committee's purpose of opening the door of standard benefit far wider than ever before. It would, moreover, be a uniform arithmetical test fairly easy to apply. But it was a rigid rule, lacking the flexibility of the one-in-six provision. Not every type of claimant would welcome it. For instance, the elderly man, who, having been regularly employed for many years, had piled up a large credit of contributions in the fund and then suffered two or three years' unemployment or very intermittent employment, would fare less well than the man who, though "regularly irregular," always managed to show his 30 weeks' work in 104 whenever he wanted benefit. In a word, the proposal favoured the unsteady at the expense of the steady workers. And these terms are not used merely in the moral sense; they refer also to the different economic conditions prevailing in different occupations. The real point of difficulty was that any arithmetical test of employment had to be imposed at all. In effect the Committee were only repeating the "thirty contributions test" which the 1924 Act had made the "first statutory condition of benefit, but which, in the intervening years, no Minister of Labour had felt able to enforce.

Another criticism of the abolition of the one-in-six rule and other changes introduced by the new Act is that they may enable insured persons who are careful students of all the rules so to arrange matters that they remain continuously on benefit until they

die. There is apparently nothing to prevent a man from qualifying for an indefinite time so long as he does one day's work a week and obtains a stamp on his book for that week. He must, of course, refrain from signing the register on that day and must submit to the loss of one day's benefit out of six. Such a man would, at each quarterly review, be able to satisfy the arithmetical test of a sufficiency of contributions during the 104 weeks.

An average of fifteen weeks' work in the year does not in theory seem to be an unreasonable minimum to require of a man who seeks to show that he is genuinely in the insurance field. But, none the less, experience has shown and, in 1928, still shows, that this condition is, in practice, too severe for a large section of the chronic cases of unemployment in all areas and for thousands of genuine workers, male and female, who have been dispossessed of their callings in the "derelict" districts.

The sample analysis of benefit claimants taken by the Ministry of Labour in April 1927 showed that as many as 13·8 per cent. of those who were claiming benefit at that date had less than thirty contributions to their credit in the two previous years. For unemployed colliery workers alone the figure was 25 per cent., while for all other industries, except coal mines, it was 11·2 per cent. If this percentage still holds good it means that, if ever the condition is fully enforced, there will be about 130,000 in every million

persons claiming benefit who will fail to qualify for it.

In this matter the Committee really spoke with two voices. They said that "the insurance scheme should not fail to provide benefits for all insured persons who can fairly be described as genuinely unemployed," and then they propounded a scheme which they knew would fail to provide for thousands of genuine cases. In order to avoid the immediate difficulty the Committee proposed "easy transitional provisions," which came to this: that for those on benefit when the scheme came into force and for those who claimed within six months (twelve months as subsequently enacted) the new thirty contributions condition would be waived and benefit would continue to be paid on the old emergency conditions of "eight contributions in two years or thirty contributions at any time."[1] In harmony with the report of the Committee, the Act which came into force on April 19, 1928, laid it down that for insured persons over eighteen years of age, the new thirty contributions condition would not be enforced until April 19, 1929, and would not come into operation for all claims before April 19, 1930. Time will show whether the state of employment will be such as to compel even a further postponement of the return to a "genuine insurance basis,"

[1] It is to be noted that during the transitional period the conditions of benefit are made easier than they have ever been for adults. No classes are ruled out by the discretionary power (now abandoned), and all benefit is drawn as a right. It is believed that a considerable part of the increase in the percentage of unemployed claimants between April and October 1928 has been directly due to these relaxations.

and political considerations will, of course, enter into the decision.

A serious weakness of the Committee's proposals was that they pinned their faith to a reduction in the total amount of unemployment to 6 per cent. That, at any rate, was to be the basis of the actuarial calculations over a cycle of years of good and bad trade. It was an arbitrary piece of optimism, which events have failed to justify. They thought that the scheme as remodelled could not only pay its way, but could also pay off its load of debt into the bargain, and could do all this on a reduced contribution.

3. The Proposed Contributions.—The following table shows the normal weekly contributions which the Committee proposed should be paid for men and women by each of the three parties to the scheme, as compared with those actually being paid at the time of the report:

RATES OF UNEMPLOYMENT INSURANCE CONTRIBUTIONS.

	Employers.	Employees.	State.
Men:			
In force 1927 . . .	8*d.*	7*d.*	6*d.*
Proposed by Blanesburgh Committee . .	5*d.*	5*d.*	5*d.*
Women:			
In force 1927 . . .	7*d.*	6*d.*	6*d.*
Proposed by Blanesburgh Committee . . .	3½*d.*	3½*d.*	3½*d.*

For the purpose of extinguishing the debt on the fund, which then stood at over £20,000,000, there

were to be temporary additions of 1*d.* for men and ½*d.* for women, making the threefold contributions 6*d.* for men and 4*d.* for women. It is, however, necessary to add that the Committee only intended their scheme to come into force when the Fund had once more started repaying its debt to the Treasury. They could not foresee that the debt, instead of dwindling, would mount steadily up till it involved an extension of borrowing beyond the legal limit of £30,000,000.

In the event, the Government ignored this part of the report, and the 1927 Act left the contributions in respect of men and women exactly what they were before. The objections to any reduction were, of course, threefold: The Committee had made no allowance for the cost of their "transitional provisions," they had anticipated a reduction of unemployment, and they had the temerity to propose a larger proportional contribution from the Exchequer.

There were a number of other revisions recommended in the Blanesburgh Report, but as they were for the most part incorporated in the Unemployment Insurance Act of 1927, they may more conveniently be considered in the form in which they reached the Statute Book.

4. The 1927 Act. A summary of the actual provisions of the Unemployment Insurance Scheme, as amended by the Act of 1927, is given in the Appendix, but some further explanation of the

more important amendments is also desirable. Under the Act which came into force on April 19, 1928, there is only one kind of benefit; the distinction between standard and extended benefit has disappeared. Thus benefit, even under the transitional provisions, is claimed as a right, and the "ministerial discretion," which was held to be an anomaly in an insurance scheme, has been dropped. To that extent we are back at the point reached by the Labour Government in 1924, and there are, now as then, no distinctions made beween different types of claimant and no discrimination against single men living with relations or against married women whose husbands are in employment.

Just as there is one kind of benefit, so there is a single form of procedure for the adjudication of claims. The initial determination on a claim to benefit is made by an Insurance Officer, but aggrieved claimants have the right of appeal to the Local Courts of Referees and, in proper cases, to the Umpire appointed by the Crown. Besides hearing appeals the Courts of Referees are now called upon to perform new functions in place of the Local Employment Committees, and the latter are relieved of their duties in respect of benefit administration. Every claimant who has received an aggregate of thirteen weeks' benefit, during a period not exceeding six months, must have his case examined by the district Court of Referees,

and the Court must be satisfied that the statutory conditions, particularly the "genuinely seeking work" condition, are fulfilled. Such wholesale reviews, where large numbers are concerned, do not necessarily involve personal interviews by the Courts, but only by officials. But there are many individual cases which come before the Courts in the following manner: Employment Exchanges, in pursuance of their duty, must watch the "genuinely seeking work" condition very closely and send up to the Chief Insurance Officer every case which they suspect. The Chief Insurance Officer nearly always disallows the claim and thereupon benefit is suspended at once. An aggrieved claimant may then appeal to the Local Court of Referees.

In any event the Courts are still faced with the old difficulty of interpreting and applying the condition "genuinely seeking work." It must always be so in any system of unemployed benefits where mere daily signature at a local office is not accepted as sufficient proof of inability to get work. The Umpire had struggled with the problem for years, and the Blanesburgh Committee recommended a statutory definition of doctrine which would serve as a guide to the Courts. The following among other considerations were, therefore, to be taken into account:

The period or periods of unemployment.
Qualifications in a particular occupation.
Record of previous employments.

Prospect of re-employment in previous or usual occupation.

Efforts to obtain employment which claimant has a reasonable chance of obtaining.

On such tests the conclusions of any tribunal must be largely a matter of personal opinion, and, if some Courts are stricter than others, there will be wide variations in the treatment of marginal cases. Nothing but the application of rigid rules, centrally determined, can alter this. And after all, it may be argued, Health Insurance has been shown to be in no better case. Here too, in marginal cases, the grant of a certificate depends in the end on the personal factor as between panel doctor and patient. The administration of out-relief by local committees under the County Councils under the reformed Poor Law is likely to be met by much the same difficulty.

Another issue, allied to the "genuinely seeking work" condition, is the question, how long a claimant may stand out for a job in his own particular occupation. After how many weeks on benefit must, for example, an ex-shop assistant seek and accept a job as a general labourer? This had long been an issue in the administration of insurance benefit, but there had never been any "law" on the subject. The new Act attempted to grapple with the problem as follows: Section 5 (2) (ii) enacted that—

"After the lapse of such an interval after the date on which an insured contributor becomes unemployed as, in the circumstances of the case, is reasonable, employment

shall not be deemed to be unsuitable by reason only that it is employment of a kind other than employment in the usual occupation of the insured contributor, if it is employment at a rate of wage not lower, and on conditions not less favourable, than those generally observed by agreement between associations of employers and of employees, or failing any such agreement, than those generally recognised by good employers."

Here, again, the crux of the matter—what is a reasonable period—is, of necessity, left open to the personal judgment of the official adjudicators and the Courts of Referees.

5. The New Insured Class.—The Act of 1927 created a new class of insured person aged eighteen to twenty-one, intermediate between adults (over twenty-one) and juveniles (sixteen to eighteen). Lower contributions and lower benefits were prescribed for these young men and women, the idea being to save the fund and avoid making benefit too attractive to youthful workers whose normal wage was below that of adults. From July 5, 1928, the rates of benefit for this age group were fixed as follows:

	Aged 18 to 19.	Aged 19 to 20.	Aged 20 to 21.
Young men . .	10*s.*	12*s.*	14*s.*
Young women . .	8*s.*	10*s.*	12*s.*

but these are not to apply to those who, though under twenty-one, are precocious enough to have become married or those who for any special reason

are entitled to dependents' benefits. Such young men and women may still receive the adult rate of benefit.

Adult and juvenile rates of benefit were also changed by the Act so as to favour the married men as against the unmarried men and the juveniles.

Weekly Rates of Benefit and Dependents' Benefit payable after July 5, 1928, *as compared with the Rates payable during the years* 1924–7.

Class of Person.	Weekly Rate of Benefit.	
	1924–7.	1928.
Men aged 21 to 65 . . .	18*s.*	17*s.*
Women aged 21 to 65 . .	15*s.*	15*s.*
Boys aged 16 to 18 . .	7*s.* 6*d.*	6*s.*
Girls aged 16 to 18 . . .	6*s.*	5*s.*
Adult dependents . . .	5*s.*	7*s.*
Dependent children . .	2*s.*	2*s.*

The Act slightly extended the category of persons who could be regarded as dependents for the purpose of dependents' benefit, though unmarried women, living with claimants as their wives, but not having the care of the claimant's dependent children, were no longer to be included in that category.

One effect of the above changes in benefit deserves a word of notice. The British schemes of contributory insurance have always been held to be examples of the "flat rate" method. Foreign countries might prefer to experiment with graded systems, under which wage-groups were formed and a different rate of contribution and benefit

fixed for each; but such elaborations were condemned here as being financially dangerous and administratively unpractical. Not that the doctrine was ever applied as thoroughly in Unemployment Insurance as in Health Insurance. The latter has only two rates of ordinary contributions, those for males and females; in the former there have always been different rates for the four categories of men, women, boys, and girls. The new Act decrees that there shall now be six categories of contributors and no less than ten different grades of benefit. This is a kind of graded insurance, and it complicates the task of the Employment Exchanges. Nominally the system is still one of "rate for age" rather than "rate for wage" on the continental plan, but, at bottom, the change is a confession by the British authorities that the varying rates of workers' earnings do, in practice, require recognition in the grading of benefits. It is an argument to arm those critics who advocate grading by wage-groups in all our contributory insurance schemes, whether, like Miss Eleanor Rathbone, they aim at abolishing sex distinctions in rates of benefits, or, like Mr. Seebohm Rowntree, they desire to make benefits bear a regular proportion to the normal wage income of the insured person.

6. Minor Amendments.—It will be noted that persons over sixty-five years of age are no longer included in the scope of insurances. This is due to the Contributory Pensions Act of 1925, under which

employed persons became eligible on January 2, 1928, for a pension of 10*s*. per week at sixty-five. Neither benefit nor contributions are, therefore, payable at that age, either for Unemployment or for Health Insurance. But the employers' own portion of the weekly contribution is still payable for both insurances. A joint scheme has, therefore, been set up for the payment by employers of both Health and Unemployment contributions, at the "exempt persons" rate, on one single card. This is the first attempt to unify the cards and contributions for the two insurances.

The Trade Dispute Disqualification.—No one has ever been able to devise a really satisfactory clause defining the conditions under which a claimant should be disqualified for benefit by reason of the existence of a strike or lock-out. The 1927 Act revised the clause for the third time since 1911. Insured persons who are themselves directly involved in a trade dispute are, of course, clearly disentitled to benefit, but the difficulty is to say who is and who is not so involved. Most stoppages of work have wide repercussions in unemployment, and the question is how far the disqualification should stretch. The position in recent years has been that persons, though not themselves participating in or financing a trade dispute which caused a stoppage at the premises where they were working, might nevertheless be disqualified from benefit if other members of the grade or class to which they

belonged were participating in or financing the dispute. The penalty had been upheld by the Umpire in the mining dispute of 1926, even though the "other members" in question had not been employed at the same premises or even in the same district. The effect of the amendment in the 1927 Act was to prevent such a strict interpretation. Henceforth the disqualification was not to apply to persons who were not themselves directly interested in a trade dispute, unless there were other members of their grade or class *at the same premises as themselves* who were participating in or financing the dispute.

Special and Supplementary Schemes.—The Act finally abolished the power of the Minister of Labour to allow special industries to contract out of the State scheme, thus putting another nail in the coffin of specious proposals for "insurance by industries." Continued existence was, however, allowed to the special schemes of two industries which had already contracted out: the banking industry and the insurance industry. These arrangements are, of course, quite distinct from those known as Supplementary Schemes, under which trade unions are allowed to pay out State benefit to their members in addition to their own trade union benefits. Such arrangements are to continue under the new Act, though the conditions (see Appendix) to be enforced on the unions are made more stringent.

Instruction as a Condition of Benefit.—The only

other provision of the Act which need be described here is that by which the Minister of Labour was given power to make grants out of the Unemployment Fund towards the expenses of "approved courses of instruction" for unemployed juveniles of sixteen to eighteen years. The policy and history of the Juvenile Unemployment Centres are discussed elsewhere in this book. They had proved their value in 1918 and subsequently, but they had been run on too small a scale, and had always been hampered by the lack of a firm financial basis. Local Education Authorities had long ceased to pay anything towards them, and direct payments from the Exchequer were hard to come by. Such money as had been appropriated for this purpose had, for four years, been drawn from the Exchequer on the Ministry of Labour vote. Under the 1927 Act such appropriations will continue, but the Ministry of Labour now has the power to contribute up to 50 per cent. of the cost out of the Unemployment Fund. A much-needed extension of centres, in distressed mining towns and elsewhere, has followed this financial adjustment, but that does not mean that the nature of the bargain with the Treasury is beyond criticism. Ought the Unemployment Fund to be drawn upon at all for such purposes? In a later chapter the future possibilities of training and other "restorative" treatment for the workless are discussed, but there is less hope of advance along these lines if, following the precedent of juvenile

unemployment centres, they are all to be, even partially, a charge on the Unemployment Fund, which is itself heavily in debt. There is a case for regarding all such existing schemes and future projects as part of the national problem of industrial reconstruction and not as mere devices for getting the unemployed off the Unemployment Fund. A larger principle is at stake, and it may, as yet, be too soon to dogmatise about the financial arrangements that will ultimately be recognised as appropriate. In the future, industry itself may be called in to play its part, both in the organisation of instruction and in footing the bill. Meanwhile it is necessary to bear in mind that the Unemployment Fund is a trust fund, belonging, not to the State, but to the contributors. As the declared object of the fund is to provide for the cost of unemployment benefit and administrative costs incidental thereto, has the State any right to divert the money to extraneous purposes, however beneficent ?

7. Is a Unified Scheme Possible ?—Before concluding this chapter something further must be said as to the fundamental question—raised but not settled by the Blanesburgh Report—Is a unified scheme for relieving the necessities of all the able-bodied unemployed possible ? Can the Poor Law, or its equivalent, be dispensed with ? Must there always be a division of functions between the Employment Exchange and the Guardians, between

the Ministry of Labour and the Ministry of Health? Again and again unemployment insurance benefits have been expanded, but, even at their most generous, they have always left to the Poor Law a margin of insured men and women who were suffering from nothing except prolonged inability to get work. Under the latest revision—if the full Blanesburgh scheme is ever brought into force—it seems certain that the share of responsibility left to the Poor Law will increase in proportion to the greater restrictions on unemployment benefit. If the Poor Law is "strict," if out-relief is denied, the gap between the two systems, which already exists in many districts, will be widened, and no one can say that those workers who fall into that gap through no fault of their own are being logically, or even humanely, treated. It is a dilemma for which no satisfactory final solution has yet appeared, and none can be suggested here. It is more or less agreed that, apart from the question of monetary assistance, the Ministry of Labour is the right authority to deal with the unemployed, because it considers the cause of their distress—lack of employment—whereas the Ministry of Health and the Poor Law regard only the effect—destitution. The Ministry of Labour possesses in its Exchanges a work-finding agency and also the nucleus of other remedial measures, such as training institutions for the younger men. The industrial aspect of unemployment can only be properly treated by a

national authority, and an authority possessing technical knowledge of industry.

The trouble is that the Unemployment Insurance Scheme, while it copes fairly well with a great part of unemployment, cannot, by reason of its nature, cope with the whole. It can never be the sole agency for maintaining the whole class of able-bodied unemployed persons. Any insurance scheme, however generous, must impose limits, standards, and tests on the unemployed claimants, and there will always be (at least since 1920 there always have been) many unemployed persons who cannot fulfil those conditions. The present problem is, not how to relax the conditions still further, but how to tighten them in the best interests of the majority of insured contributors. Tentative suggestions have been heard from time to time that insurance benefits should no longer be payable in cases of chronic unemployment, and that a separate fund of a non-contributory kind should be available for those who cease to be eligible for standard benefit. Such insured persons, instead of being left to the Guardians or the Public Assistance Authority, should continue to be dealt with by means of the Exchanges and the insurance machinery in exactly the same way as before, but their maintenance or dole (at the same or at a lower rate than the ordinary insurance benefits) should be a charge on the Exchequer rather than on the Insurance Fund or the local rates. This would mean dualism inside the Ex-

changes instead of outside. Oscillation between contributory benefit and non-contributory dole would be no better than oscillation between insurance benefit and Poor Law relief. It would mean a partial return to the post-war out-of-work donation system, and would gradually undermine the prestige of the contributory insurance scheme. Particularly would this be the case if both forms of payment were made by the Employment Exchanges, in-as-much as a man whose benefit was stopped at one counter would only have to pass on to another counter to make his claim to the alternative form of maintenance. Moreover, what of those families for whom neither form of subsistence would suffice? From what fund other than Poor Law out-relief could their maintenance be supplemented? Then there is the question of workers who are disallowed benefit under the rules because they left employment of their own accord or were discharged for misconduct or were on strike or locked out. And outside the insurance scheme there are still the three million workers in agriculture and private domestic service, not to mention the self-employed, hawkers, etc. Would they be covered by the non-contributory fund, although they are not covered by the contributory scheme, or would the Poor Law be retained for them? Finally, there would necessarily be some conditions and tests laid down even for this secondary kind of benefit or donation, and

many persons would fail to satisfy them. In none of these cases could proved destitution be left to fend for itself. If, indeed, destitution were made the sole test, the Exchanges would be saddled with the functions of the relieving officer—a most undesirable conclusion. No solution, it is argued, lies along the lines of a dual system of State benefits.

But there must be some basic provision for those unemployed who are unable to draw benefit under the State scheme, or for whom benefit is insufficient. For these, relief on a need basis, grant-aided by the State, but at the hands of the local authorities—in future, the same authorities as are already responsible for other forms of home assistance—will still be a necessary resource. It would, of course, be an invariable condition that the recipients of such relief should continue to register at the Exchange, so that they could still be served by the national authority so far as their *employment* needs were concerned. The Ministry of Labour would still be responsible for the restorative remedies, such as transfer and training (see Chapter VII), and the closest possible relations should obtain between the local relieving authority and the central employment machinery. If any applicants for relief are selected for training, the cost of their maintenance would be defrayed, not by the local authority, but from the Unemployment Fund or, preferably, from a special fund provided

by the Exchequer, but, in ordinary areas, not many who are in chronic need of relief are likely to be fit subjects for training.

The question, How many of the unemployed will inevitably come on the hands of the local authorities? is difficult to answer. Apparently for some years past the average numbers falling to the Guardians have been between 70,000 and 150,000; in 1928 the number was near the lower of these two figures. In the future much depends on the methods of salvage ultimately adopted in the depressed areas, where undeserved destitution has become a tragic feature, and even more depends on whether the 30 contributions test for benefit is generally enforced. But, when all is done by way of restorative measures and the payment of benefit, there will remain in all large towns a body of defective labour, a partially submerged class, whose normal lot it is to relapse, at times, into a state of dependence. For them the word "able-bodied," though technically correct, is really misleading. In addition there will always be a residue of ordinary workers, who, in the emergencies of their industrial lives, will escape the meshes of any nets which the State can spread to maintain them. It seems, therefore, vain to search for a unified system of State benefit which could cope completely with the needs of all the varied types among the unemployed.

CHAPTER VI

An Analysis of the Unemployed

The preceding chapters have recorded the evolution of the measures for the maintenance of unemployed workers as a class. Subsistence is a need common to the whole class, but that does not end the matter; it is only the beginning and foundation of a constructive policy. For unemployment is a many-sided problem, covering many diverse factors, and the unemployed persons are of many kinds. Differentiation, both of the types of person affected and of the causes which affect them, is necessary and possible. It is possible to-day owing to the statistical measures so readily applied by the operations of unemployment insurance and the Employment Exchanges; and it is necessary because on it depends the discovery of the paths of further progress. If it be true that the larger issues of prevention of unemployment rest with the economist who is intent on the fluctuations of world trade, credit regulation, and the like, it is also true that his eagle vision needs to be supplemented by the humbler, more close-grained study of the actual persons who are workless and of the conditions

which have brought them low. Only by such a method of approach can some of the most chronic forms of the disease be adequately diagnosed.

1. THE DISTRIBUTION OF UNEMPLOYMENT.—The Ministry of Labour publishes in the *Labour Gazette* statistics showing the unemployment in each industry and in one hundred subdivisions of industries. This great monthly round-up of the insured trades omits only agriculture, private domestic service, and about half a million excepted workpeople, none of whom are exposed to the average risk of unemployment. Otherwise, substantially all workpeople over sixteen years of age and earning less than a rate of £5 a week are brought within the statistical net. Taking first the classification by trades, it is possible to draw a broad distinction between the heavy industries, such as coal, iron, engineering, and shipbuilding, on the one hand, and the remaining insured trades on the other. These four industries, covering about two and a half million workpeople, have been responsible for 40 per cent. of the total unemployment among nearly twelve million insured persons. Clearly, therefore, there has been an abnormal contraction of the heavy industries, and, as coal, iron, and shipbuilding are highly regionalised, their collapse has amounted to the economic collapse of special regions. In the case of coal, some of the districts affected have now been recognised as semi-derelict areas, the grievous problems of which will be referred to separately.

But what has been the geographical distribution of unemployment over the whole country? The figures for unemployment in the eight Employment Exchange areas at two years interval are as follows:

Division.	Percentage of Insured Persons Unemployed in	
	January 1926.	April 1928.
London	7·7	5·3
South-eastern	6·8	4·9
South-western	9·5	7·4
Midlands	8·2	8·0
North-eastern	14·2	13·1
North-western	11·0	10·8
Scotland	15·7	11·1
Wales	14·4	19·5
Average	10·9	10·0

2. The Residue of Chronic Unemployment.—These figures show that there has been something like a fixed relation between the amount of unemployment in different districts, and that the relation is definitely in favour of the south of England. But the south, though prosperous, still has a residue of about 6 per cent. of unemployment. It is a considerable figure and represents a serious burden on the Unemployment Fund and the rates. Is it an irreducible minimum? Is there, throughout the industrial community, and in all areas, a substratum of chronic unemployment due to other causes than to business depression? There may, for instance, be social and industrial factors at work which, at the best of times, waste the supply of

willing labour, and there may be deficiencies in the quality of some of the human material available. Such personal defects may lie in the technical inexperience of the workers, or in their physique or in their moral character. They may be largely industrial in their origin. If they can be remedied, in whole or in part, the cost of benefit and relief will by so much be reduced.

In this chapter some of the types and causes of chronic unemployment are considered. Seasonal and casual employments are well-recognised illustrations of the kind of irregularity which causes chronic unemployment, not only directly, but also indirectly, by its lowering effect on the human beings who are involved. The neglect of juvenile labour is another cause of a similar type ; it has for twenty years been known and studied as the blind-alley employment of young persons, chiefly boys. Allied to this is the insecurity of status which runs right through all industrial and commercial life. A narrowly specialised craft decays and leaves its craftsmen stranded ; or a spell of unemployment compels men to step down in the industrial scale, a personal disaster which few can retrieve. In a surprisingly large number of cases ill-fortune of one kind or another, and particularly the oppressive working of the industrial machine, has reduced men to the lowest rung of the ladder—that is, to the lowest class of unskilled labour. It will be suggested that, at this level, an unnecessarily large surplus of

somewhat damaged humanity tends to accumulate. Finally, the method of individual analysis and differentiation brings out the factors of old age, premature infirmity and sickness as important causes of personal ineligibility leading to chronic unemployment. Any representative sample of the unemployed would naturally contain a proportion of cases of this type.

All these are factors which, in recent years, have been overshadowed by the more obvious problems of mass unemployment in the basic industries and the necessitous areas, but they may none the less turn out to be profoundly important to the proper understanding of unemployment as a whole and to the framing of a constructive policy.

3. The Individual Analysis.—Firstly, the official figures and data, which constitute the modern census of unemployed persons, must be further examined. It will be convenient to take the round number of a million unemployed, which happens to represent the position as actually recorded in the month of April 1926. Analysing the returns for that month into men, boys, women, and girls, it is found that the proportions were as follows:

	Per Cent.
Men	77
Boys under 18	3
Women	16
Girls under 18	3

Two years later, in April 1928, the proportion of men was even higher, being 80 per cent. of the total. Statistically, therefore, unemployment is mainly a problem affecting male workers over eighteen.

Another classification separates from the mass that section of unemployment which is due to short time and casual labour. Thus, there were in April 1926:

(1) 75 per cent. wholly unemployed.
(2) 18 per cent. temporarily unemployed.
(3) 7 per cent. casuals.

Of the first class, *i.e.* the wholly unemployed, 600,000 were men, which is near the low-water mark of male unemployment since 1920. The second class covers all those who were reported at local offices to be still attached to some employer, *i.e.* persons on short time or temporarily suspended. Such suspensions represent serious loss of income to the wage-earners concerned, but they are a less desperate evil than complete loss of work. Similarly, the third class of unemployment is essentially different from the other two. Casual employment always involves casual unemployment, and, seeing that there are not less than a quarter of a million casuals, their spells of unemployment will eventually swell the total figures, even in the best of times.

The next question is as to the duration of unemployment. In any year, with an average of

one million unemployed, the number of individuals registering at the Ministry of Labour local offices would, it is officially estimated, exceed three million. Their periods of worklessness in the year would vary from one day to 365 days. The average could be determined, but between such extremes the average spell means little.

On the other hand, the doctrine of an ever-changing personnel is only true within limits. There is a considerable nucleus of individuals who suffer long and frequent unemployment. Figures obtained in an official investigation of a large sample of claims covering all areas showed that in the three and a half years ending April 4, 1927, approximately 17 per cent. of the male claimants had been on benefit for more than half of the whole period, while approximately 50 per cent. of the male claimants had been on benefit for more than one-fifth of the whole period.

The first figure of 17 per cent. obviously constitutes the most formidable part of the problem. To be more out of work than in it argues that a man is either stranded in an area where industries are contracting or is one of those individuals who, for some personal reason, lack the normal eligibility for employment. It is, perhaps, true that a retrospect over several more years would disclose some improvement in the proportion of employment obtained by these claimants. Similarly over a number of years, the ratio of individuals registering

to the average live register would be increased beyond the above estimate of three to one for a single year. But even so the above figure of 17 per cent. indicates the existence of a large class that can fairly be called chronic cases. This is the class that has borne most heavily on the insurance fund, and it is for their maintenance that the regular workers have had to pay such high weekly contributions in the years 1921–1928.

It is natural to inquire what sort of persons they were who composed this hard core of unemployment. Such knowledge is hard to come by, but we can learn something about the individuals who compose the unemployed as a whole by examining the reports of the Ministry of Labour on three special investigations which were made between 1923 and 1928. The original object of the first of these inquiries seems to have been to challenge the loose criticism of the Insurance Scheme and to disprove the allegation that its benefits were being widely abused, but, besides achieving this negative object, the information collected has been turned to account in administration. Incidentally it threw new light on the incidence of unemployment, and even on the whole social conditions of our time.

The value of the investigations was increased by the large scale on which they were conducted. In November 1924 the circumstances of no less than 11,000 claimants were scrutinised on the basis of a 1 per cent. selection from the registers of every

Employment Exchange. This was a large order, such as could only be performed by a national organisation. But it had the defects of its qualities. No really searching diagnosis of the personal characters of so many human beings was achieved. An inquiring Government Department can easily determine their insurance records, but cannot hope to appraise the real quality or the real employability of 11,000 persons as human beings and as workers merely by instructing 400 officials to fill up questionnaires.

According to the official analysis in November 1924, as many as 63 per cent. of the males and 77 per cent. of the females were, in the opinion of Exchange officials, persons who in normal times would have been in steady employment. The figures appear to be very creditable to the personal quality of the unemployed as a whole, and they acquire added authority from the later inquiry, in April 1927, which produced nearly identical results. But the fact remains that over one-half of the whole sample had outrun their claim to standard insurance benefit and were receiving benefit not justified by their contributions. Moreover, 55 per cent. of the men had not been employed (at any rate, no contributions had been paid for them) for as much as half their time in the previous 122 weeks, and as many as 28 per cent. of them had worked for less than 30 weeks out of 122 weeks. These facts are not reassuring as to the average quality of the unem-

ployed. That they are not necessarily inconsistent with the rather generous view of their quality taken by Exchange managers may, of course, be due to the fact that the depression was so severe that men of the highest qualifications were continuously deprived of work. In the black areas, such as the Welsh coalfields, this would no doubt be true, and as the Exchanges in such areas all contributed their quota to the sample—and a heavy quota too—the results would be weighted thereby. It might indeed have been better to exclude these areas from the inquiry, in order to give a clearer picture of the quality of the claimants in the less abnormal districts. In any case the figures call attention to the fact that, in the opinion of the officials, as many as 37 per cent. of the men were something less than fully equipped industrial units. The precise degree of their ineligibility is naturally not assessable, but, under the conditions of the inquiry, it varied from the type which, though never in steady employment, would, with favourable conditions, obtain a fair amount of work, down to the type that was considered to be verging on the unemployable. The sample of workers here examined cannot, of course, be held to be representative of the insured population as a whole. They were doubtless heavily weighted with "inferior lives." None the less a proportion of over one-third of unemployed insurable persons, whose eligibility for employment was for one reason or another very imperfect, indicates the

presence in the community at large of a considerable body of defective labour.

A further analysis of the sample of 11,000 claimants of benefit brought out the significant fact that the heaviest proportion of men was in the age group 20–24, and in the age group 55 and over. In the case of women, the heaviest proportion was found in the age group 18–24. It is difficult to say how much in excess of the normal these proportions may be, for, notoriously, these age periods are bad periods at the best of times. Youths who have failed to secure entry into a skilled trade between sixteen and eighteen are always liable to find themselves a drug in the market when they reach man's estate. It is also obvious that some men over fifty-five are only feeble competitors, at any rate in the unskilled labour market, whenever it is overcrowded.

As regards the young men, their unemployment in the age period 20–24 could not, in November 1924, have been due, to any marked extent, to service with the Colours prior to 1918. These men were in fact civilian boys who entered industry during the War at the age of fourteen or thereabouts. After the Armistice the universal appeal was to employ ex-service men in preference to others. One of the results of this intense propaganda, already referred to in a previous chapter, was to deprive a large proportion of the younger generation in industry of their normal chances of entering either a skilled

employment or any employment carrying prospects for the future. Clearly these lads, no less than ex-service men, were war victims in a very real sense, and it might have been better if their interest had been more carefully considered in the days of resettlement between 1918 and 1920. Even apart from the effects of the War, it is one of the normal results of a trade depression to reduce the numbers of openings for new entrants. Not for a hundred years has the industrial world offered so bleak a prospect to young people as it has done since 1920. Part of the price paid for these dislocations has been the unnatural drain on the Unemployment Fund by a mass of young men who should be in the heyday of their industrial careers. Far more serious is their loss of tone and quality as men and as workers. There is indeed some evidence that this particular generation or age period of workers is carrying its defective quality with it through the years; for the investigation in April 1927, when these youths would be between 23 and 27, showed that the proportion of the sample between the ages of 25 and 29 had increased by 2 per cent., while the proportion between the ages of 20 and 24 had fallen by 1·3 per cent. Altogether the ten-year age group 20–29 included nearly one-third of all the male claimants. In the end their hard case had to be recognised, and it is precisely for them that, since 1925, the experimental training centres at Birmingham and elsewhere have been started by the Government (see Chapter VII).

No attempt to ascertain the personal qualities of the unemployed is likely to be other than inconclusive, if only owing to the not-to-be-regretted fact that the characters of men and women still elude the official measuring rod. None the less, enough has been said to prove that it is still unwise to ignore the personal factor in employment and in unemployment, and, since work and character react on one another, some attempt must now be made to show the other side of the picture; *i.e.* how the irregularities of industry are themselves responsible for much of the harm; how, in fact, unemployment is inherent in the whole system and part of its very bone.

4. The Discontinuity of Employment.—Industry is like a kaleidoscope; an incessant change and interplay of labour is always going on. Continuity and established security are everywhere the exception rather than the rule. Big businesses contract; small ones expand. In every large factory, some branch or department is in a stage of transition which affects employment. To some extent the number of employees is stabilised by overtime and short time, but the greater number of wage-earners are accustomed to frequent changes of jobs. They are not casuals; they would be regarded, for the most part, as regularly employed. Many of them would not need to go to the Employment Exchanges to find a new job, though most would take the precaution of registering, in case

their interval of unemployment might last longer than they expected and might justify the payment of unemployment benefit. Some of the discontinuity of employment may be due to wage-earners giving up their jobs of their own accord, *e.g.* in the hope of a better job. Most workers, however, seek new employment because their employer no longer needs their services. Even for the men whose abilities are in general demand, the search for a new place may take time. It may be one day, it may be a month. In any case, if the man is in an insured trade and registers at the Employment Exchange he would help to swell the statistics of unemployment.

Special statistics on this point are available for the year 1923, from which it appears that 3,700,000 separate persons were recorded as unemployed. Of these no less than 470,000, or one-eighth, received no unemployment benefit, principally because they were unemployed only for six days or less, and thus never passed the waiting period.

In some London districts the turnover of male claimants to benefit is more than 50 per cent. in a month. But labour is not a fluid, and it does not abhor a vacuum ; it is composed of human beings with diverse ties and wants outside their functions as industrial units. It follows that changes in the demand for labour are not always immediately accompanied by the necessary adjustments in the labour supply. Since 1910 the national system of

Employment Exchanges and the wide circulation of vacancy lists have made for improvement, but labour still finds itself unemployed or under-employed in one place simultaneously with an unsatisfied demand for its full service in other places, perhaps only a few miles away.

Such maladjustment of the demand for and supply of labour affects some trades more than others. Take the building trade: comment and even controversy often centre round the fact that at a time when house building is held up for lack of building operatives, there are thousands of men recorded as unemployed in that industry. The number on January 25, 1926, was 107,000, including all grades. Why were these men not at once absorbed in an industry which was known to be in urgent need of more labour? A closer analysis is necessary before coming to any conclusion.

The figure given above is for nine different classes of unemployed building trade operatives, 107,000 in all. Unemployment was least amongst plasterers and bricklayers, being 3·2 per cent. and 4·9 per cent. respectively. Such low figures in this industry are an indication, not of a surplus, but of a serious shortage. The Unemployment Insurance Acts and the Employment Exchanges have certainly increased the mobility of labour of this kind, if they cannot overcome some of the natural barriers. Prejudice against strange surroundings has a good deal to do with it, but there are practical barriers.

For example, there is the case of the plasterer of sixty or sixty-five, whose local job has come to an end. Employers at a distance have particulars of the applicant submitted to them by the Employment Exchange, through the National Clearing House system, but, seeing the man's age, they will not take the risk of engaging him ; so even in a world which is clamouring for plasterers, he is among the unemployed. Other men cannot move freely about the country because of family ties or because of the cost of keeping themselves in board and lodging away from home.

There is always a high percentage of unemployment in the winter among painters, which accounts for 30 per cent. of them being without work in January 1926. Building trade labourers with 16 per cent. of unemployment were also heavily hit. There is, of course, never a shortage of building trade labourers, and it is certain that the statistics for this grade are swollen by a large number of unskilled workers, who only cling to the fringe of the building industry and are only nominally members of it.

These last two factors heavily weight the figures for the building industry. Cut them out and the rate of unemployment for building trade operatives falls to about 8 per cent., which is not high for the month of January, when the building industry, being predominantly an outdoor trade, must, in the nature of things, be slacker than in the summer

season. But even a rate of unemployment of 8 per cent. may be artificial, being partly due to the local shortages of plasterers and bricklayers, without whose work other craftsmen could not get on with their jobs. Discontinuous employment may thus be the result, not of lack of demand, but of a shortage of pivotal men. It may be doubted, however, whether the figures for unemployment in the building trade would ever fall as low as 4 per cent. owing to the inherent lack of mobility on the part of human labour, the inevitable gaps between building jobs and to the fringe of hangers-on, who are not fully eligible workers, but cannot be excluded from statistics. The building trade is, of course, an extreme instance of discontinuity, but such maladjustment, besides being important in itself, illustrates what occurs in some degree in other trades.

5. Casual Employment.—This is always a prolific cause of unemployment and, as will be argued later, taken in conjunction with the unemployment of the lower grades of unskilled labour, is, in many areas, the largest factor in swelling the Employment Exchange Registers. About twenty years ago students of employment questions spent a great deal of energy in attacking this perplexing and wasteful feature of modern industry. They discovered that "casual" employment, in the widest sense of the word, ran right through industry, that almost all employers engaged casual labour, skilled or unskilled, at some time, and that some employers

engaged hardly any other kind of labour. In the case of the skilled men, *e.g.* compositors, the higher wages and the resources of the trade union were sufficient to tide them over from job to job, but in the case of the unskilled and unorganised no such comforting reserve of strength was discoverable. Dockers and building trade labourers were cases in point, and for the alleviation of the dockers' lot many schemes have been devised ; some have been realised and others are still in the embryo stage (see pages 207–209).

Some part of the problem is recognised as being due to the faulty organisation of industry, yet there is some responsive factor on the men's side. To say " once a casual always a casual " would be going too far, but it is undoubted that the habit of irregularity is easily acquired and difficult to throw off. For one thing, the rate of pay of such work is nearly always higher than the hourly rate of the lowest class of non-casual unskilled work, and, after all, most people would join the casual in preferring three days a week at 10*s.* a day to a regular job at 35*s.* or even 40*s.* a week. In any case, little success has attended the repeated efforts of social workers, Government Departments, and even of some employers and trade union leaders to cope with the problem. Casual labour in industry, as a whole, has been too obstinate for them, and the possibility of drawing unemployment benefit for the days off work has probably helped to crystallise the habit. As was seen in Chapter V, a man who manages to do one day's

work in every week is able, under the Blanesburgh scheme, to draw benefit continuously, provided that he satisfies the other statutory conditions.

At one time it was believed that the disorganised methods of engagement by a multiplicity of employers, each encouraging a small reserve of men to wait upon them, was the source of all the trouble. An effective remedy was the substitution of a central market-place in each area for the supply and demand of all such labour. Some casuals would be transformed into regular weekly workers, even though engaged by different employers day by day, while the remainder would be defined as surplus to requirements. In 1909 decasualisation of this kind was certainly one of the hopes of those who brought the Labour Exchanges Act on to the Statute Book. But, speaking generally, the Exchanges have failed to fulfil expectations in this respect. In some places they have been only another market-place, not substituted for, but added to those already existing at the employers' gates. Some large employers, however, now take all their labour through the Employment Exchange, and, as will be described in the next chapter, something has been done by tally systems and the registration of dock workers. Looking at industry and commerce as a whole, it is likely that there are to-day more daily or short term engagements than there ever were. The practice is spreading rather than dying away, partly because industrial conditions since 1920 have created a

larger surplus of labour, and, therefore, a larger number of men willing to take anything, even casual jobs. And the statistics show that, out of about 250,000 casual workers who are officially identified as such, there are always between 70,000 and 80,000 unemployed.

6. Seasonal Trades.—The ebb and flow of industrial activity at different seasons of the year is another factor which has a serious effect upon employment, but it is possible to overrate the hardship caused thereby. The temporary character of the work is known beforehand to those who engage in it, and seasonal trades would be unable to carry on at all unless they could count on a certain supply of workpeople who have other resources out of season, or who, for some personal or domestic reason, prefer not to be employed throughout the year.

The fluctuations may be conditioned by the weather, at home or abroad, or by social habits and fashions. Fortunately, seasonal variations are not always in the same months for all seasonal trades. The building, furnishing, and even the engineering trades are busier in summer. Printing and coal mining are, however, slack in the autumn. Dock workers have several seasons, dependent on conditions in different exporting countries. Women's trades are particularly liable to seasonal fluctuations, notably dressmaking, the fur trade, and, in Scotland, the fishing industry (*i.e.* the handling of the fish

after landing at ports). Generally speaking, it is, not the export, but the home trades which present the most marked seasonal changes.

Obviously, any industry which is so handicapped by seasonal limitations should, in compensation, make some extra provision in wages or in some other way to help their employees over the slack times. To some extent rates of wages are indeed higher at the docks and in the building trades. But the interruptions in wage earning, from which their employees suffer, are far from being met by the slightly higher remuneration which they receive when in work.

Short time is another common device for meeting the hardship of seasonal fluctuations. In the coal industry, for instance, short time masks the seasonal unemployment that would otherwise occur in the summer. In building there is a short working week of forty-four hours in the winter. Thus in trades where this device is adopted, the loss of employment is spread over all the workpeople, rather than concentrated in the form of full unemployment upon a minority.

Why do not those who accept employment in a seasonal trade take steps to provide themselves with a subsidiary employment for the other months of the year ? Some men and women do accomplish this difficult feat, but it is relatively uncommon to find a wage-earner with two trades at his command. Trade union policy has never favoured such dualism,

and has preferred the device of paying unemployment benefit to members during the slack seasons. This raises the question of the operation of benefit rules under Unemployment Insurance in the case of seasonal workers who claim benefit out of the season when their work is normally available. In past years they have usually been disallowed benefit on the assumption that they were not genuinely seeking work. But, if they could never claim benefit, why should they pay contributions? The amending Act of 1927 tried to solve the problem by exempting from compulsory contributions persons whose only occupation is a seasonal one which does not ordinarily extend over more than eighteen weeks in any year. This seems to be the easiest way out of the dilemma; it still leaves the worker the option of remaining in insurance if he wishes, and it leaves the employer with the obligation of paying his share of the contribution in any event. Such optional exemption does not, of course, apply to such a trade as the building trade, which is only partly seasonal, but must be confined to trades which cease altogether out of the season.

7. Juvenile Labour Misused.—For thirty years we have known, from well-established evidence, that the haphazard methods of entry into employment are a serious blot on our industrial system. It is universally recognised that one of the results of blind-alley employment at fourteen to seventeen years is prolonged unemployment at eighteen or a

little older, and a premature drop into the lowest ranks of industry. This knowledge was given greater definition and proof by an inquiry conducted in 1925 by the Ministry of Labour into the circumstances of 3331 boys and 2701 girls, being 10 per cent. of those registered at Employment Exchanges and Juvenile Employment Bureaux in all parts of England, Scotland, and Wales. In effect the sample test was intended to do for juveniles what had already been done for adults in 1923 and in 1924, but it is unfortunate that the age limit should have been put so low as eighteen. Doubtless it was unavoidable, since eighteen was the dividing line between the juvenile and adult departments of Employment Exchanges. A further defect in the sample was the unduly small proportion of juveniles between fourteen and sixteen as compared with the proportion between sixteen and eighteen, the reason being that persons under sixteen are outside the range of Unemployment Insurance and are under no obligation to have any dealings with the Exchanges or Bureaux. But for practical purposes the sample may be taken as sufficiently representative of the whole body of unemployed boys and girls at the time of the inquiry.

The two chief conclusions reached in the report were those which might be expected : that industry, while it was ready enough to snap up each generation of school-leavers, showed a serious lack of openings of an educative kind for young persons, and that an

excessive amount of unemployment fell to their lot at the age of seventeen to eighteen. The home conditions and physical characteristics were not closely investigated, but appear to have been normal to the districts. An attempt was, however, made to sum up the quality of the boys and girls as industrial units, and they were placed in three categories of employability. In the result not less than 37 per cent. of the boys and 25 per cent. of the girls were found to be in the highest class, A, and on their merits fitted for skilled employment. Had the industrial system given them the opportunities they deserved, this section, and more than this, would at the age of sixteen, or earlier, have been taken by employers for training in some trade, commercial occupation, or profession. Probably the number of individuals entitled to inclusion in Class A would have been markedly increased if the boys and girls of 17 to 18 had been assessed at their best period—say on leaving school or a year after—before the damaging effects of unworthy jobs had deteriorated them. But taking the group of 37 per cent. of good human material, and measuring the boys against the jobs they filled, it was found that only 59 per cent. of that group, or little more than half, had been engaged in educative employments which provided training, whereas 18 per cent. had been in the lowest category of jobs defined as casual or seasonal. The rest were in inferior jobs, defined as " employment which did not provide training

but was not specifically casual or seasonal." It must be remembered that the sample cases were selected on a 10 per cent. basis from all the juvenile registers in the country, and, in some heavily industrialised areas, a higher proportion of relatively good openings exist than in the rest of the country. It is, therefore, safe to say that, in the large distributive centres and in normal areas, the proportion of Class A vacancies open to Class A juveniles must be smaller than indicated by the national figures. Even so, the classification of all situations obtained by all the boys in the sample showed only 16·5 per cent. of Class A vacancies as against 66 per cent. Class B and 17·5 per cent. Class C. For boys and girls together, the percentages were much the same. Clearly, then, there were far more boys and girls of the best type than there were jobs of the best type.

And what of the remainder of the juveniles? It is not clear from the report that any of them were found to be really ineligible for decent educative employment. Even the lowest category, C, is only defined as the type of juvenile that would normally take any job that was available. This simply implies that the juveniles were grouped partly on their social standing and expectations and not entirely on their intrinsic merits. It may, therefore, be unsafe to assume that none of those, even in the lowest category, were fitted for good educative employment.

This authoritative inquiry shows that not more

than one in every six of the whole sample had even a mathematical chance of starting his or her industrial career in a job that offered prospects of training or permanence. Thus the industrial machine absorbs over half a million young persons leaving school every year and then proceeds to thrust down into the ranks of the unskilled many thousands who are in every way fitted for a more ambitious walk in life. Managers of boys' and girls' clubs and officials who deal with juvenile employees find to their perpetual discouragement that in industry the quality of the boys and girls passing from school to work is greatly superior to the quality of the employment which this industrial age offers them. But the jobs must be accepted ; a wage must be earned, and must be earned within reach of home. There is no way of escape : the juvenile wage-earner must take the economic world as he finds it. Not that he is reluctant. Lured by the hope of independence and by the added importance which even a small wage brings, he rushes eagerly enough to join the ranks of labour, but at the end of four years, if his lot has been cast in the lower walks of industry, it will be hard indeed to recognise in him the bright, energetic boy who left his school at fourteen full of high hopes. Juvenile Employment Committees [1] have for some eighteen years done what they could to improve the lot of the working juvenile, but less than 20 per cent. of all situations

[1] Described in Chapter VII.

are obtained by juveniles through these friendly and useful agencies, and, in any event, the Exchanges and committees cannot create educative employment. They have to fill the vacancies notified to them. There is another and even darker side of the picture to be examined : the boys in this sample were unemployed, and, inferior though their employment so often was, yet their unemployment, if it was of a lasting nature, was worse. Among insured juveniles between sixteen and eighteen there is about 3 or 4 per cent. of unemployment, but there are no data for measuring the total amount of unemployment between fourteen and eighteen. The point is, however, that at that age period there ought to be no unemployment that is due to the hazards of industry. It is through unemployment in the first years of manhood that the worst moral damage is done. These are the dangerous years for the boy who has been relegated to blind-alley employment as an adolescent, and these are the years which decide whether he will sink to the lower levels of the labour market. Employment in boyhood gives him no marketable skill or experience, and the consequent unemployment in early manhood may permanently impair his human quality.

Earlier industrial reports and surveys have pointed to the same conclusion as the inquiry discussed above. Here and there, in individual firms, conditions have been readjusted so that, even when large numbers of boys or girls are taken on at fourteen

or fifteen years, they can work their way up to semi-skilled jobs by the time they are adults. Even some of the railways, who are old offenders, have done as much (notably the L.M.S.) for their van boys and messengers. But many more illustrations of less satisfactory conditions could be given. One or two will suffice.

In 1920 the Ministry of Labour surveyed 907 large firms in the shipbuilding, engineering, and iron trades. These firms together employed as many as 97,168 boys, and reports on their conditions showed that in 671 out of 907 firms no regard was paid to the boys' future careers. That is to say that this considerable army of boys was taken on and discharged with only one end—their immediate productive capacity. Another official publication.[1] sets out the classification of the employees in an iron and steel works, from which it is proved that the firm employed five times as many unskilled and semi-skilled boys as it employed apprentices. The figures also show that, while there were insufficient apprentices to maintain the number of skilled men (only one boy to eighteen men), there were far more semi-skilled boys than could possibly be absorbed on semi-skilled work as men. Out of every two semi-skilled boys one had to face the prospect of either leaving the works or sinking into the ranks of the unskilled labourers.

These examples have been deliberately chosen

[1] *Handbook for Welfare Supervisors*, 1920.

as representing the big national industries where conditions might reasonably be expected to be better than in the inferior trades.

Thus the system continues. Its harmful results have been recognised for many years, but industry still offers to children the bribe of premature wage-earning in order to tempt them to tasks that will lower the level of their future lives, both as workers and as citizens. Surely the methods of entry into industry are accepted with too much complacency, not only by employers and parents, but by trade unions! From the economic point of view it simply does not pay, for this is one of the sure ways to lay up a store of unemployment for the future.

8. The Downward Drag of Unemployment.—If, when the state of employment is good, a list of the able-bodied wage-earners in any district were arranged in order of their industrial status and personal merit, and if a parallel list were drawn up of all the jobs existing in that district in favourable times, it would be found that appropriate work suitable to each wage-earner's status would be more or less readily available. When, however, times are unfavourable and workpeople at any level in the list are subjected to long unemployment, the great majority do not stand out for a job in their own line, but are eager for any work, even though it may be below their normal standards. Thus, among the individuals at all levels, there is, during a period of unemployment a downward trend in industrial

status, conditions, and pay. For those who fall far enough and remain away from their trade and their union for several months, recovery is hard, and it is improbable that there is any compensating movement up the scale. Broadly speaking, the skilled trades are irrevocably closed to any man who does not enter them in youth, though there may be a few exceptions, notably some of the building crafts and some of the new industries.

To obtain any statistical proof of this downward tendency it would be necessary to have an investigation of a large number of industrial histories. Failing this, a few instances discovered in one London area in a single week may be given for what they are worth. The following skilled men had all taken to unskilled labouring as the only employment remaining open to them: a cabdriver; a dairyman; a timekeeper; a painter (sixty-one years old); a trainee in chair-making; a wallpaper binder; two trunk-makers (leather displaced by three-ply); fitter-erector; fitter-turner. Other instances may be mentioned a little more fully:

A. L. A motor fitter, forty-three years old. Did odd jobs at Wembley in 1925. Artist's model. Labourer for showman.

J. M. Steel erector, also painter, twenty-five years old. Had worked at motor factories in Coventry and London, but after a spell of unemployment had taken to labouring in a concrete factory.

L. S. Forty-two years old. Had worked as fitter-erector in a motor firm for eighteen years, but his last six jobs had been labouring for a refrigerator company, a large firm of ice-cream vendors, etc.

A. P. Gave up engineering trade after an operation. Wants light work.

E. A. Aged twenty-two. Had been electro-plater and polisher for seven years. Unemployed eight months. Barman one month. Labourer four weeks.

D. A. Aged thirty-one. Engine fitter. Ill for four years. Then in Lord Roberts Memorial Workshops. Then an enamel mixer (unskilled).

F. A. Aged twenty-two. Silver polisher. Six months unemployed. Then a fruit fronts-man, *i.e.* arranges fruit in shop front.

D. A. Aged twenty-seven. Formation hand (electrical). Porter at Messrs. Lyons for six months. Labourer.

It may be asked whether the Employment Exchanges in their anxiety to get men off their registers are responsible for this down-grading, but the answer is that the unemployed men are themselves really eager for work, at wages even below their own usual standards. The rules of insurance benefit allow them to stand out for a certain number of weeks for a job at their normal wages in their normal trade, but many of them do not wait for pressure

from the Employment Exchange officials. It is, of course, also true that the Exchanges naturally try to give the best selection to their clients, the employers, and faced with the daily registrations of a number of good and indifferent workmen, they try to help the best men first. Even if the Employment Exchanges were to reverse their policy they could not do much to prevent this downward movement, since 75 to 85 per cent. of those claimants who find work find it for themselves, and only the balance are actually placed in jobs by the Employment Exchanges.

A further result ensues, for, with the downward pressure of competition, there is an inevitable loss of employment among those who were already at the bottom of the list. The least efficient are in fact unable to obtain even those low-grade jobs upon which they normally depend for a livelihood, and the severer competition drives them entirely from the field of employment, which would be their preserve in normal times and would indeed be most appropriate for them at all times. Where there is always much casual work—one-day or half-day jobs—the result is much the same. New-comers from other occupations only intensify the scramble, and the " regular " casuals have to meet the keener competition. In the end, the result is to isolate and throw upon the Unemployment Fund or the Poor Law the burden of supporting a body of would-be wage-earners who are always on the fringe of industry.

A postscript may be added here which may give general force to the illustrations of the "downward drag" given above, where the decay of a particular trade or craft has deprived a man of his normal means of wage-earning. Such misfortunes have always been recognised as a source of unemployment, but it is doubtful if their frequency and prevalence in the industrial world have yet been appreciated at their full value. The plight of the coal industry since 1924 immediately comes to mind and, certainly, after a lapse of years, public attention is now riveted on that national problem! But colliery workers are only a fraction, perhaps not a majority, of the industrial population which, in these years, has been or will be left stranded by an ebbing tide in their occupation. This is an age of transition, and the peak in the curve of change may still lie ahead of us. Great changes were beginning long before the War, and the War only speeded them on. Between 1881 and 1921 there was a drop of no less than half a million in the numbers employed in agriculture, and the decrease is still going on. The "passing of the horse" meant an immense displacement of labour, the effects of which have not yet passed away. Not only horse transport, but much of the supply and the use of leather have vanished. Another illustration is the glass bottle trade, the workers in which complain that modern machinery has enabled one man and a boy to produce the same output as forty skilled men.

In recent years other large transitions can be traced by the help of the annual statistical measure of the insured trades. Between 1923 and 1927 there was a net loss of 304,000 insured persons in twenty-seven industries which employed (in 1923) over 4,000,000 workers. These trades were on the wane, though the decline was not necessarily permanent in all cases. At the same time there was a net gain of 874,000 in thirty-five trades covering about 6,000,000 workers. These were the industries which had absorbed the natural increase of the population and something more in addition. Noticeable among them were the distributive trades, which had added 327,000 workers to their ranks, or more than the whole loss on the declining trades. (These figures, which are taken from the Nineteenth Abstract of Labour Statistics, exclude from the distributive trades the railway workers and the gas, water, and electricity supply services, because of their exception, wholly or in part, from the scope of unemployment insurance.) In the four years the increase in the distributive trades, shown above, amounted to more than 2 per cent. of the total insured population. Broadly speaking, the prospect in the years to come is that a smaller and smaller proportion of employment will be afforded by the producing industries, owing to the increased productive power of machines and other transitional changes, while a larger proportion of services will be required for distributing that product, catering for

the amusement and entertainment of the people, and moving them about. But it may well be that the rate of decrease in the former will soon exceed the rate of increase in the latter branch of economic life, thus causing something like a permanent burden of unemployment even in times of prosperity. In any case, in an age when such rapid transformations are being effected, it seems inevitable that many thousands of workers will suffer the shipwreck of their industrial careers. If they are deprived of some specialised job, long experience of which is their only asset in the labour market, and are left to find their footing as best they can without special assistance, they will, in too many cases, fall into the undifferentiated class of the unskilled and into the ranks of the chronic unemployed.

9. The Unskilled in the Labour Market.—The preceding sections of this chapter, particularly the last two, are stepping-stones to the conclusion that it is among the lower ranks of industry that unemployment persists in an aggravated form. The vagaries and varieties of the unskilled labour market have been studied before, but there is much more yet to be learnt. In the first place, the term itself is criticised by those who say that there is nowhere such a thing as really unskilled labour. Every job requires qualities of some kind : experience or character or physical strength. Labouring work is associated with every business, whether manufacturing or commercial. Much of

it is worthy enough and meets the needs and tastes of a robust type of man who is not remarkable for ambition or wits. Permanence of employment is possible and is common practice in the larger and more stable firms. Special physical strength is by no means always necessary, but the man who possesses it is not likely to be long unemployed between one job and the next. More often it is the quality of individual character and the bond between master and man that ensures permanence and security with one employer. Another factor in favour of this walk in life is that it offers a wider range of choice and opportunity than that of the specialist, and probably the range is increasing with the greater simplification of machines and processes. Men who lose their place as building labourers can turn to road work or works of construction. Men who have laboured in a warehouse can labour as well in many (though not all) kinds of factories. So much, then, may be said on the brighter side of unskilled work.

But there are lower levels. Over the greater part of this field impermanence is the rule rather than the exception. For many thousands of men there is nothing available except work of the lowest type. There is no need to set out again the evils of casual labour, which in all big centres of distribution seems to be ineradicable. There are about a quarter of a million casuals, most of them unskilled, and their story is well known. But there is an even

larger range of low-grade unskilled work which, though not casual, is purely temporary. It exists everywhere, and in the large cities there are all too many men who are entirely dependent upon it for wages and ready to scramble for it. When a man has fallen from better things, it is not at the higher grades of unskilled work that he secures his footing. Too often it is to these lower levels that he falls and becomes one more recruit to the ranks of those "willing to take anything." The very existence of ample supplies of this partially submerged class of worker has something to do with the existence of the low-grade job. The interplay between the two is exceedingly close, and it is not too much to say that the ample supply sometimes creates the demand.

No adequate data exist for the measurement of this suggested surplus of low-grade labour, nor even of unemployment among the whole class of the unskilled as compared with the skilled. The Ministry of Labour statistics are divided up into 100 industrial classifications, but in each industry the figures for the skilled and unskilled are published together. In any case, it would be difficult to disentangle them or to determine the precise line of division. To a large extent classification depends simply on the way the men describe themselves on registering. Only men who admit to the style of labourer would be entered as such. Many who were really of the same type, such as carmen, kitchen porters, or barmen, would be classed as

skilled men. The "sample investigations" went into detail about the personal circumstances of claimants, but not into their categories of skill.

It is, however, believed that any Employment Exchange in the large towns could show the heavy concentration of the registered unemployed on the classifications of building labourer, general labourer (miscellaneous), and road and transport labourer. The most numerous type of applicant for extended benefit has been the less eligible type of unskilled labourer, or the man who has reached the stage of being compelled "to take anything." Only rarely in 1926 and 1927 did a London committee have to interview skilled craftsmen, still able and willing to follow their craft, always excepting the painters, among whom, in London, there seems to be a surplus even during the summer season.

The object of this chapter has been to show that, in many occupations, the conditions of employment and of unemployment, both acting singly and reacting on one another, have a lowering effect on industrial fitness and on the quality of the men and women who fall under their spell. The economic machine, working blindly, thrusts thousands of men downwards in the scale of social and industrial values, and then finds itself unable to afford them any but the most spasmodic employment. Perhaps no reform can altogether abolish this reserve of unwanted labour, but at least the aim must be to reduce

it to the smallest possible proportions. The payment of unemployment benefit is a basic necessity, but it is not enough. On the one hand, there is need for the better regulation of industrial practices, and, on the other hand, for more constructive methods of treating the unemployed victims.

CHAPTER VII

Maintenance is not Enough.

1. Supplementary Measures.—In the preceding chapter consideration was given to certain causes of unemployment which are not due to a general depression of trade, but are inherent in the industrial system itself. This problem of chronic unemployment was also examined in the persons of the unemployed themselves. It was found that employment and unemployment act and react on many individuals so as to drag them downwards in the human and in the economic scale. From this angle, therefore, there is a twofold problem of reform: how to improve the conditions of certain occupations, and how to restore or maintain the quality of the men and women whom industry leaves stranded by the way.

It is the purpose of this chapter to describe in brief outline the measures which have been taken (and to indicate, here and there, those that might be taken) by the State to cope with these two fruitful sources of unemployment. Both classes of provision are in some degree preventive in character.

In the first case, the State is mainly using the instrument of the Employment Exchanges, with or without compulsory powers; in the second, it is making tentative experiments in institutions for training the unemployed. Hitherto the interventions of the State have been on a relatively small scale, and some of them may have been ill conceived or not conspicuously successful, but their importance lies in their general character, for they introduce a new technique, a new weapon, ready to hand in future struggles with some of the most persistent and intractable forms of unemployment.

2. The Regulation of the Labour Market.—(*a*) *The Primary Functions of Employment Exchanges.* The first place among the measures for the better regulation of industry must be accorded to the creation of the national system of Employment Exchanges. Machinery of this kind, co-ordinated nationally, is an elementary necessity in Great Britain, if not in every modern State. Its full potentialities have never been realised in peace-time, but none the less it does perform the primary functions of a market-place for labour, and it has become an indispensable instrument of the State for producing specific results on certain employments or on certain classes of worker.

To-day, although the Exchanges fill about one and a quarter million vacancies every year, they are only used for a fraction, less than one-fifth, of the vacancies which trade and industry have to offer.

Undoubtedly they already save many employers and workers from an aimless search for one another. Not only locally, but over wide distances, the supply and demand have been brought together by means of a national clearing house, by the advance of fares to workers, and, not least, by the assistance rendered in finding accommodation. Mobility has been increased among the skilled workers, even though the craft trade unions always did and still do a big business in this field. Thus, while the Exchanges cannot of themselves create employment, they can and do perform a service indistinguishable from it when they satisfy a demand for labour sooner than it would otherwise be satisfied. But to get full value out of the Exchange system—value, that is, to the State, the employers, and the workers alike—at least three times as many vacancies ought to be handled by it. That is why there are periodic proposals for making the notification of vacancies compulsory. Unemployment insurance has, since 1920, brought most of the *supply* of labour within the purview of the Ministry of Labour, and there are over twelve million registrations[1] at Exchanges in a year, so why should not the *demand* be made to follow suit? But this is a large order and may never be attainable or even desirable. Already the Exchanges have a monopoly of vacancies in certain well-defined cases, and their monopolies might be increased to something like the same extent as during the War,

[1] Not all representing separate individuals.

but in a vast range of the miscellaneous jobs their intervention might often be meaningless and obstructive. Compulsion should probably be an *ad hoc* weapon to be used sparingly and perhaps only for limited periods in each case. By such means there is hope that the Exchanges can acquire a greatly increased value in regulating employment and eliminating avoidable unemployment.

(*b*) *Special Methods of Regulating the Supply of Labour.*—Passing over the detailed working of the Employment Exchange system which has often been described elsewhere,[1] we can turn at once to some of the special functions which have been vested in the Exchanges in recent years. They have, indeed, come to be used by the State as one of the instruments for enforcing a national employment policy, for diverting the stream of labour this way or that, for allotting certain types of labour to certain jobs, and even for weeding out the superfluous workers. Gradually, and on the most empirical lines, a technique is being worked out which will enable, persuade, or compel industry to conform more nearly to the interests of society, and every step towards the better regulation of the labour supply is also a step towards diminishing and defining the chronic residue of unemployment.

(*c*) *Ex-Service Men.*—The Exchanges have, as a working rule, always aimed at impartiality in

[1] See particularly *The British Employment Exchange*, by J. B. Seymour (P. S. King), and the report of the Ministry of Labour for 1923 and 1924.

selecting applicants for jobs. It has been their duty to send to any vacancy only those best qualified for it. But among applicants equally suited it has been, since 1918, the Government policy to secure, so far as possible, a preference for the ex-service man. For some Government posts the rule has been laid down that applications are limited to ex-service men and must be made through the Exchanges. It is, however, doubtful if this kind of preferential treatment has worked out well, and it has become increasingly meaningless and unfair as the war years receded into the past.

(*d*) *Disabled Ex-Service Men.*—There was more to be said in favour of the scheme for lending a helping hand to the men who were seriously disabled in the War. They were all in receipt of some kind of pension, but that was not enough to make ends meet. They needed employment at wages, and, except for about one-third of them who were only equal to some light job, they were capable of an ordinary day's work alongside their able-bodied fellows. In August 1919, therefore, the King's National Roll was inaugurated by royal proclamation, by which all large employers of labour were invited to sign an undertaking to employ disabled men up to a proportion of 5 per cent. of their total staffs. The administration is in the hands of local King's Roll Committees working with the Employment Exchanges. In December 1927 as many as 380,000 disabled men were being employed by

27,500 employers (including public bodies) on the King's Roll. This left only 5 per cent. unemployed at a time when nearly 10 per cent. of the general insured population were without work. In other countries there have been similar schemes of employment for disabled ex-service men, with the important difference that they were made compulsory on employers, and, in 1924, with these examples before them, the British Legion were nearly successful in promoting compulsory legislation in this country, but in the end the method of voluntary persuasion has been preferred. Taking it on the whole, the British scheme has been effective; it seems to prove that, given a good ground of appeal and adequate organisation to back it, the unemployment of a special and not overwhelmingly numerous class of men can be reduced by social and industrial efforts. Something like the same idea is now being tried in the case of ex-miners from South Wales, etc., but possibly the method might be more successfully and appropriately applied to a special type of worker who, through no fault of his own, is somewhat below the average in eligibility for employment. In the next chapter it is suggested that here is one way of diminishing the chronic unemployment of the veterans of industry, the prematurely aged, or the infirm, who fall behind in the race, and are not less deserving of sympathy because their wounds have been suffered in civil life.

(*e*) *Dock Labourers.*—Reference has already been made to the Port Registration Committees, whose main object in later years has been to reduce the surplus of casual labour which accumulates at every docks in the country. There are Port Registration Schemes set up by the Ministry of Labour to work in co-operation with the Local Employment Exchanges in twenty-five of the larger ports in England, Scotland, and Wales. The procedure of the committees and Exchanges is to attempt to restrict the number of persons seeking employment at the docks by the issue of tallies and, by an agreement with employers, only to employ men holding such tallies. Such a method, if it had some sanction behind it to make it compulsory, would regularise the work of the dock labourer, but the trouble is that neither the employers nor the dockers will accept compulsion, and, left to themselves, they are unwilling to be drastic enough in cutting men off from the list of tally-holders. Theoretically it ought to be possible to employ full time such a nucleus of dock labour as is equal to the minimum or even the normal requirements of the port, but no such result is known to have been attained so far. Irregularity is too deeply ingrained in the industry. The Transport and General Workers Union has taken the line that only a guaranteed weekly wage will solve the problem. This maintenance wage would be paid to the regular tally men whether they worked or not, so long as they were available. To meet the

cost and spread it equitably over the various dock employers, a levy on all tonnage coming to the port was to be introduced. At present, however, such ideal schemes or reforms wait upon the successful enforcement of registration in the various ports and the revision downwards of the numbers. In 1927 the Committee for the London Docks succeeded in reducing the number of men on the registers from 52,000 to about 40,000, but as this number is still too large, casual labour persists.

At Liverpool there has been a remarkably elaborate organisation ever since 1912. It is a registration scheme, and, at the same time, an arrangement for the collective payment of wages and stamping of Health Insurance cards and Unemployment books. Instead of having to seek their wages each week from every separate employer for whom they have worked, the registered dockers receive their pay in a lump sum at one of the special Employment Exchanges (called Clearing Houses). Each employer is then debited with his share in a collective weekly account. That so much co-operation should be possible between the Employment Exchanges and such deep-dyed individualists as the shipping companies and the dockers is highly creditable to all parties, but it cannot be said that the scheme has yet brought about the decasualisation of dock labour in the Mersey.

One of the worst evils associated with waterside work is the casual employment of boys and girls.

In the larger seaport towns boys are employed as boiler scalers and scrapers—a rough, dirty, and intermittent job—undesirable for boys in any case, but made all the worse by its excessively casual nature. In Liverpool and in Southampton arrangements have been made by the Exchanges with the shipping employers and the trade unions for a system of registration so as to effect a considerable advance towards decasualising the occupation of these boy scalers.

(*f*) *Emigration and Aliens Restriction.*—The Exchanges play an important part in encouraging the movement of labour away from Great Britain and discouraging the movement into it. As to Overseas Settlement, it is not necessary to say more at this point than that, under the Empire Settlement Act, 1922, the Exchanges advertise all suitable openings for workers in the Dominions and make the preliminary selection of candidates for assisted passages. The recent development by the Ministry of Labour of training facilities for agricultural work overseas is referred to in a later section of this chapter. As to the restriction on the entry of aliens, the policy of the Ministry of Labour is said to be to prevent the further overcrowding of the British labour market without denying to British employers the services of aliens whose work may set in motion other work. Doubtless nursery governesses and variety artistes satisfy this last criterion! Anyhow, these are the only numerous types of worker admitted under certificate

by the Ministry of Labour and the Home Office. In a few cases, also, an exchange of hotel employees is arranged between employers in Great Britain and employers in France or Switzerland. At the most only about seven thousand permits are issued in a year, and these are mostly for short periods of time. This restriction, like one or two others which have been attempted, may not be beyond criticism as a matter of policy, but it is none the less interesting as illustrating one of the ways in which the State intervenes in order to regulate the home labour market.

(*h*) *Restrictions on the recruiting for Coal Mines.*—To an increasing extent the Exchanges are assisting in the great task of moving colliery labour from depressed coalfields to other employment, including vacancies in other more prosperous pits. Under the Mining Industry Act, 1926 (section 18), regulations were to be made to secure that preference should be given, in the engagement of labour, to persons who were employed in the mining industry in the week before the big stoppage in 1926, or whose last regular employment before that date was in coal mining. In effect, no regulations have been made, owing to the acute sensitiveness of all parties in that industry to anything in the nature of outside control. The Minister of Labour has, however, accepted a voluntary undertaking by the members of the Mining Association to carry out the scheme and, so far as is known, they have loyally abided by

it up to 1928. The undertaking provides that no new entrant over eighteen years of age shall be engaged in any of the specified mining occupations, unless particulars of the vacancy have been notified for fourteen days to the local Employment Exchange, and no suitable applicant has been submitted. The exception of juveniles under eighteen is a wise one, which avoids any undue interference with the age distribution of the workers and admits a reasonable proportion of the younger generation. Most of the new openings are in South Yorkshire or Kentish mines, and the movement into these districts of unemployed miners from South Wales or Durham is obviously a sensible course. But it is attended by many difficulties, such as the lack of housing, the unwillingness of the miners to move, and, above all, their profound conservatism which prevents them from adapting themselves to new conditions of work, temperature, dampness, or dryness in the pits underground. All the same, that the State should have taken legal powers to control the recruiting of any industry in this manner is a new move which may have a wider application and usefulness in the years to come. Even to-day there may be other waning occupations which could advantageously be treated in the same way, and made, as it were, to consume some of their own wastage.

(*i*) *Juvenile Employment Committees.*—Ever since the year 1910 there have been arrangements made in association with Employment Exchanges for

advising and placing boys and girls in employment, and, in so far as these arrangements mitigate the misuse of juvenile labour, they form a part, and a most valuable part, of the State equipment for regulating the labour market. But the full story of the Juvenile Employment Committees, their failures and success, is too long to set out here. It would require a book to itself, and would include the history of an administrative civil war which has hampered their growth for seventeen years. It will perhaps be sufficient to refer to some of the principal features of the work of the Juvenile Exchanges and Committees, and, on a later page, describe the Juvenile Unemployment Centres which have already been mentioned in connection with out-of-work donation.

Owing to the duplication of legislation, there have always been two types of public arrangement for advising boys and girls and placing them in employment. The first type is the Juvenile Department of the Employment Exchange, assisted by an Advisory Committee specially appointed to supervise the work as regards juveniles under the Labour Exchanges Act, 1909, and the second type is the Juvenile Employment Sub-Committee of the Education Authority, set up under the Education (Choice of Employment) Act, 1910. Both types of committee include some members of the Local Education Committee, together with representatives of employers, trade unions, voluntary organisations, and

teachers. In some areas the Local Education Authority have taken the initiative and established a Juvenile Employment Sub-Committee; in other areas the Ministry of Labour has been left free to set up Juvenile Advisory Committees and run the whole work as a special branch of the Exchange system. Such dualism has been unfortunate, but no one has ever been able to determine which type ought to oust the other. Those who held that it was most important that the "placing" authority should understand industry favoured the Ministry of Labour arrangements, while those whose first thought was for the prestige of the Local Education Authority and the enlargement of its sphere of activity, considered that a "Choice of Employment" scheme was best. Probably on the whole the Ministry of Labour schemes had a better record of activity and achievement than the Local Education Authority schemes, but there was nothing to choose between the best of each type. There was, however, especially after 1920, a difficulty in the administration of Unemployment Insurance for juveniles of sixteen to eighteen in the areas where the Local Education Authority controlled the juvenile work. Under the latest adjustment (1927) of this difficult question local option between the two types of arrangements is to continue, but they are now both supervised by the Ministry of Labour instead of the central administration being divided between that Ministry and the Board of Education.

The careful placing of school-leaving children and juveniles under eighteen in employment is a task which the strict individualist would leave solely to parents and to chance. It has, however, been proved by experience that a public agency such as the Juvenile Employment Exchange, staffed as it always should be, and usually is, by a man or woman who possesses, not only industrial knowledge, but a sympathetic understanding of working boys and girls, can immensely help young people over the snags and pitfalls which beset the entry into industry. Satisfactory placings can, of course, be occasionally effected by other means, but the public organisation with its wide range and accumulated experience can always do better for the average juvenile. As it is, however, not one-fifth of all the 2,000,000 young workers between fourteen and eighteen are placed in employment through the Exchanges and the committees attached to them ; nor is the proportion of juvenile vacancies notified any better. In most places, inferior jobs are all too easy for boys to find, and it is safe to say that all juvenile workers could do with advice and supervision, whether they are in good or bad employment or in a condition of unemployment. Clearly, then, as things are, the Education Authority, the Juvenile Employment Exchanges, the two kinds of advisory committees and the voluntary agencies working with them, have a large and almost impossible task before them. As shown in the last chapter, it is the low average

quality of the available employment which is at the root of the trouble. Industry does not absorb into adult employment all the juvenile labour it takes in. One proof of this is that the percentage of adult unemployment is three times as great as the percentage of juvenile unemployment.

No complete remedy can be put forward here, but various measures of partial reform are advocated in different quarters. One is to raise the school age or to halve the amount of juvenile labour by requiring half-time attendance at schools between fourteen and eighteen. Another is to take full advantage of the fall in the birth-rate during the war years 1914–18. This, as is now well known, is leading to a sensational fall in the supply of juvenile labour during the six years up to 1934. Tables prepared by the Ministry of Labour show that the number of wage-earning juveniles between fourteen and eighteen is due to fall by nearly half a million, *i.e.* actually 20 per cent., in the years 1927–33. It is clear that such contraction of supply will be a matter of serious concern to employers in areas where the supply of, and demand for, boys and girls have been approximately in equilibrium during previous years. Some dislocation of industrial arrangements is likely to be caused, but it will be no bad thing if it leads to more facilities for training by employers, to a more sympathetic appreciation of the value of juvenile labour, and even to the occasional substitution of adults for young persons under

eighteen. Particularly in the Midlands and the South of England such results may be appreciable. On the other hand, there are areas where the unemployment among boys and girls is so widespread that the dwindling supply may not materially alter the situation for many years to come. In these areas boys and girls will still find it impossible to obtain educative work and difficult to obtain work of any kind. Derelict areas in certain colliery districts are, of course, leading cases, and here the fall in the birth-rate was not so marked, because they were partly sheltered from recruiting in the War. Redistribution of juvenile labour seems to be the remedy, and the ways and means of achieving this are being examined by the National Advisory Council for Juvenile Employment (appointed by the Ministry of Labour in 1928). But young people, though more adaptable than adult workers, and without ties, are almost as difficult to move about the country, and girls present even greater problems than boys. Large questions arise of providing preliminary training, good homes or hostels, and the right kind of supervisory care. Voluntary effort, having already been appealed to by the Minister of Labour, will perhaps help to solve the personal problems ; while training institutions, which are discussed below, may be developed out of the existing Juvenile Unemployment Centres, as an important factor in dealing with the juvenile problem.

3. Training.—It should be a mere axiom of business to shorten the period of benefit and relieve the strain on the unemployment fund by neglecting nothing that is calculated to maintain or improve the employability of claimants. The State would otherwise fall into the very error which sceptics of unemployment insurance have always pointed out: Covenanted benefits, they say, lull the workers and the State into a sense of false contentment and immobility. For precisely this reason many foreign countries have refused to follow the British example of instituting a system of statutory benefits. True, these foreign critics have exaggerated the danger, and have themselves, apparently, been led astray by the will-o'-the-wisp of relief works or task work, but there is, none the less, an element of truth in their criticism. Cash benefits are only sound if they are supplemented by preventive and restorative treatment in those cases which require it.

The question, then, is: how to repair the lack of fitness for employment in those who, from personal or industrial causes of the kind discussed in the last chapter, have lost their hold on the regular labour market or, even, have never, as young persons, had a chance of securing any real hold at all? The prospect is full of difficulty, but a beginning has already been made, and there are signs that the difficulties can be overcome, for the State has, during and since the War, definitely entered on the business of the industrial training unemployed men, women,

and juveniles, in order to improve their eligibility for employment. The Instructional Centres for unemployed young men between the ages of nineteen and twenty-five (twenty-nine for ex-service men) are the most recent and the most important of the experiments; those for women date back to the post-war months; those for juveniles of insurable age (sixteen to eighteen) are similarly a war product, and their beginnings have already been described above.

Training Centres for Men: Origins of the Scheme.—The policy of training and re-equipping young unemployed men between the ages of nineteen and twenty-nine was only adopted as recently as November 1925, but both in theory and in practice it has a parentage of respectable antiquity. Reference might indeed be made to the Lancashire experiment in turning cotton operatives into navvies in 1863, or to William Pitt's projected schools of industry in 1797, or even to the Tudor experience that "to put the poor on work" first involved training them to the use of the necessary tools. In case, however, the originators of modern training schemes should prefer to be credited with a less ancient source of inspiration, it is sufficient to go back to the Poor Law Commission, 1909, or to the Unemployment Insurance Act, 1911, which provided the insurance officer with power to test the skill or knowledge of any claimant to benefit and, if necessary, to insist on and pay for a course of technical

instruction as a condition of the receipt of unemployment benefit, if he (the insurance officer) was "of opinion that the charge on the unemployment fund . . . was likely to be decreased by the provision of the instruction." Although this section of the 1911 Act was never actually used, the general purport of it was incorporated in Section 7 (v.) of the 1920 Act, except that the Ministry of Labour was given no power to pay the costs of the instruction.

In practice, the training experiments, started by the Ministry of Labour in the autumn of 1925, were based on a somewhat different conception. Young men of nineteen to twenty-five, who had been long out of work, and whose defects could be diagnosed as mainly due to a lack of opportunity to acquire a trade of any kind, were offered a short course of training which, though it might not actually equip them with the full skill of a qualified journeyman, would be likely to restore their personal and physical qualities, teach them the use of tools, and accustom them to workshop practice. The obligation to accept the course as one of the conditions for the receipt of benefit was not enforced on any of them. There was no compulsion, but there is no doubt that many of the earlier trainees commenced their course with the wrong-headed notion that it was a penalty for being so long on benefit. They changed their view later and came to appreciate the advantages that were offered to them; but that there should have been any initial reluctance is some measure of

the difficulty of keeping the whole experiment on the right plane.

The existing training centres are directly descended from the munitions training establishments set up in 1916 to increase the supply of semi-skilled machine workers for the war factories. During the last two years of the War at least 50,000 people graduated through these schools after a short course of intensive practical instruction and were able to earn good wages in the munitions factories. After the Armistice, and indeed for two years before, the same staff, premises, and plant, with additions and subtractions, were used for disabled men under the Industrial Training Scheme. That scheme, to which reference has already been made, was in itself a high achievement, for it had to deal, not with able-bodied men, but with the human wreckage of the War. As many as 100,000 disabled men passed through the hands of the instructors, and it was no fault of the scheme if they did not all make good their footing in the skilled and semi-skilled trades for which they had been trained. A new and valuable technique was worked out by the Ministry of Labour; a new chapter was added to the science of industrial education. While imitating the working conditions of a productive factory, instruction rather than production was the first aim; and, while giving the trainees a real grounding in their subjects, the academic methods of a school were avoided. As a

result it was conclusively proved that men and women, past the age of apprenticeship, could be fitted for ordinary production work by training, not in the factory, but in special training institutions, whether State or private. In the working factory they would be too much in the way, and they would learn more slowly, if at all. While they were still in the stage of "raw material" employers would refuse to be troubled with them.

It is this technique of industrial training, acquired during the last twelve years, in at least two different schemes, that is being applied to the problem of the young, able-bodied, but unemployed man of to-day. Why was this class specially singled out for treatment by training under these new conditions? The general answer has already been given in the analysis of the unemployed in Chapter VI. Not only do such youths and young men between the ages of twenty and twenty-nine bulk more largely in the total of unemployment than the numbers of that age group in the insured population would warrant, but also the rate of unemployment among all insured persons of that age group is higher than the average. The figures show that the age group twenty to twenty-nine includes nearly 30 per cent. of all the claimants. On April 4, 1927, 10·6 per cent. of all those between twenty and twenty-nine were unemployed, as compared with 9·8 as the percentage for all ages. The same analysis shows that of the younger youths

aged sixteen to twenty only 4·9 per cent. of all at that age were unemployed, while of those aged thirty to thirty-nine only 9·2 were unemployed.[1]

Description of Existing Training Centres.—In April 1928 there were four urban centres at Birmingham, Wallsend, Dudley, and Bristol, the two latter being recent additions intended to cater specially for ex-miners from South Wales. These were all day centres, attended by unemployed men who lived in their own homes or in lodgings. There were also two rural centres of the residential type at Claydon and Brandon in Suffolk and Norfolk respectively.

Day Centres.—The two original day centres at Birmingham and Wallsend were opened at the end of 1925. They each have accommodation for 400 men between nineteen and twenty-nine years of age, who are put through a course of "handymen" training for a maximum of six months, with a view to improving their employability in this country. The trades taught include an elementary practical course in all the building crafts, in furniture-making and, to a less extent, in motor engineering. Even ladies' hairdressing seems to have been included as a sideline for the miners at Wallsend! The aim was to lay a good foundation for employment in the semi-skilled or manipulative grades of almost any industry, but the chief bias was towards the building trade, because it was the least overcrowded. It was

[1] See Ministry of Labour Report on the third Investigation of a sample of 10,000 claimants.

held to be impracticable to qualify the men for specific skilled crafts, even as improvers, in so short a time, and there was no pretence of an essential connection between the subjects taught and the subsequent employment to be obtained by the ex-trainees.

During training the men received unemployment benefit at the usual rates, if they were otherwise entitled to it, plus a personal allowance of 2*s*. 6*d*. a week and (important boon !) a free midday meal at the centre. Certain travelling expenses were also paid. Except for the weekly payments of benefit, the cost has been met by the Exchequer.

Practically all the men passed through the Birmingham and Wallsend centres are believed to have found regular employment after leaving the centres. Many were taken on by employers even before their six months' course was completed, so that the average duration of stay at a centre has been only four and a half months. Their physical improvement was often the factor which made all the difference in getting an employer to give them a start. Indeed, for many of them the training course was the first chance they had known in their lives of working, and working hard, under congenial conditions, and the resulting improvement in their energy and self-confidence was remarkable.

It was estimated in 1928 that the cost of a course of training at these day centres worked out at £28 a

man, apart from the cost of benefit. Whether good value has been obtained by the State for the money spent cannot yet be finally determined, but the rewards must be measured not merely in terms of future unemployment or pauperism prevented, but also in terms of human values raised or restored.

In the early part of 1928 a quota of young men from the South Wales colliery districts were brought to Birmingham and, similarly, men from the Durham coalfields were brought to the Wallsend centre. They were found lodgings in the neighbourhood and were allowed an extra half-crown a week to meet their expenses. Such men constituted a new type of trainee—the migrant type, as contrasted with the non-migrant type who is expected to find work, after training, in his home area. This migrant group from Wales imposed on the centres new problems both of management during training and placing afterwards. The trainees were hand-picked from hundreds of stranded youths in the derelict coal areas, and their standard of quality was high. If their training and subsequent employment were successfully achieved they would, it was hoped, settle down permanently in the Midlands or the South of England, becoming the forerunners of many others of their kind. It was mainly with a view to increasing the contingent of trainees from South Wales that new centres were opened at Dudley (January 1928) and Bristol (April 1928). Each was intended to cater for 150

miners and fifty local men. An additional centre to serve some of the needs of the south of Scotland has been announced.

Rural Centres: The Overseas Men.—The residential centres are at Claydon and Brandon, in East Anglia. The Claydon centre was previously an instructional factory for disabled ex-service men and accommodated 500 men, all but fifty of whom were intending emigrants to Canada and Australia. The remaining fifty were trained as handy-men in the building crafts for employment in Great Britain. The Brandon centre, a converted country mansion, supplemented by extensive hutments, was capable of holding the same numbers of each class of trainees as Claydon. The course of training of the overseas men was arranged in co-operation with the Overseas Settlement Committee, and the men themselves were provisionally selected by the Canadian and Australian authorities. These men received no unemployment benefit, but were given free board and lodging and an allowance of 5*s.* a week, together with a small outfit of suitable clothes, etc. The whole cost was met out of the British Exchequer.

The training included stock-keeping, milking, tree-felling, and rough carpentry, and care was taken to reproduce as far as possible the conditions and methods characteristic of farming overseas. The objects at first put forward were to give the men a grounding in the technical operations which would

make them more attractive to overseas employers than urban dwellers from the home country usually are, but, latterly, the aim which is equally emphasised is the testing of individual men in order to eliminate those who are not likely to succeed in the Dominions. Clearly the lesson learned from so many unfortunate experiences in the past is that it is a waste of money and no kindness to the men themselves to assist them to go overseas, unless they belong to the type of worker who is reasonably likely to make good in the arduous life of a settler. But, if elimination of the unfit is put in the forefront, it has also been proved that the men's chances of success have been much enhanced by the acquirement of definite qualifications, such as familiarity with animals, capacity to milk quickly, or the ability to clear a piece of ground and erect fencing. Even the mere art of living in a rural district has to be learnt by the urban dweller.

It is generally held that youth is an indispensable condition in an intending settler. At first, men were only taken between nineteen and twenty-five years of age, but in 1927 the upper age limit was raised to thirty-five. Strange as it may seem, there has been a difficulty in securing enough young men to keep the residential centres full. In 1928, even after the raising of the age limits, vacancies existed at Claydon and Brandon for overseas men. This seems to be due partly to insufficient publicity in this country and partly to the obstacles put in

the way of candidates by the overseas countries. According to the view of the Industrial Transference Board (see Chapter VIII), it is the latter cause which is the chief lion in the path.

The Results of the First Two Years (to December 1927).—The following figures give the general results of the first twelve months of the training schemes up to November 1926 :

The four centres, Birmingham, Wallsend, Claydon, and Brandon, passed 1646 men through a course of training, exclusive of 492 men (nearly one-third) who had either voluntarily withdrawn or had been dismissed as unsatisfactory. Of the total of 1646, emigration overseas accounted for 250, and 989 were known to have found jobs in Great Britain in no less than thirty different occupations. The remaining 407 were, at the time, still out of work. It was only a moderate record, but subsequently the men were more carefully selected, and more effort was made by the Ministry of Labour to place the ex-trainees, with the result that, at the end of the year 1927, as many as 92 per cent. of the men trained, other than overseas men, had been fixed up in some kind of wage-earning employment in this country.

In December 1927, after two years of the schemes, 6000 unemployed men had passed through the same four centres, including 1480 men for overseas. The proportion of failures (*i.e.* men dismissed or withdrawn voluntarily) had fallen to about one-sixth (1091 men), and of nearly 5000 men who

had completed their training as many as 4544 were known to have found employment or to have proceeded to farm work overseas. Such figures were not only encouraging, they showed that the scheme and the methods were to be regarded as having passed through the stage of tentative experiment.

Selection.—The selection of men of the right type is a vital part of the problem ; it has a direct effect on the ultimate success or failure of the scheme in securing the re-employment of the trainees, which, after all, is the only real object. In one instance a mistake was made at the outset in taking a large contingent of chronic cases all from one town (Sheffield). At the residential centre they congealed into something like a gang and were difficult to handle. A considerable number had to be dismissed and sent home at the taxpayers' expense. Moreover, when the training of the rest had been completed, they were not very successful at finding jobs.

Perhaps the main difficulty in securing the best selection of men was that the offer of training was, under the original conditions, delayed until a man had been unemployed and drawing benefit for so long a time that he had probably become a "hard case." Attention might only be drawn to him after demoralisation, or something very like it, had already set in. If this were the only way of officially recognising a man's need of a training course, it would be both illogical and unfair, result-

ing in the unnatural selection of the most unfit, but in later practice the scheme did not work out in this way. Inquiries made in March 1928 showed that there were long lists of applicants eagerly applying for a place in one or other of the training factories. They were not by any means the lowest type of unemployed youths, even though, like those from the coal mines, they had been out of work for years. Many of those recruited locally had not been out of work more than a week or two, but they managed to satisfy the requirement that they were unemployed on the day of selection. It was even rumoured that some fathers who were men of substance and local standing were sending their sons to seek admission to the centres. By such means the pitfall was avoided of giving the undeniable privileges of training to the least eligible of the young unemployed men.

But the question at once arises, Do not the implications of such a scheme outrun the original intentions of the authorities in starting the centres? Where will it all end? The theorist may protest that, if the State steps in to provide courses of trade training for young unemployed men it ought, in equity, to provide similar opportunities for all young men or boys who would benefit by it. Thus the responsibility for the training of semi-skilled or even skilled labour might in time pass from private employers to the State. The centres might come to be looked upon as a new kind of industrial

University where the students are not only taught, but maintained free of charge.

But for immediate practical purposes the dilemma is not so acute. Training, as conducted at present, does not create inequalities by raising certain men above their fellows; it simply tends to maintain an approximate equality of opportunity. In other words, it is a necessary check on certain kinds of maladjustments caused by the blind workings of the modern labour market. The problem, however, remains of devising the right tests of selection. Ideally, a youth or man who is going to be trained ought to be recognised as in need of such assistance by other tests than that of a prolonged claim to benefit and demoralising idleness, and the earlier those tests are applied the better.

Placing.—The task of finding employment after training is, generally speaking, one which cannot be left to the trainee's own unaided efforts. Delay in finding regular work is only too likely to undo half the good which the training has achieved. Originally no special provision was made beyond utilising the ordinary services of the Employment Exchanges, but, at an early stage, it was also found necessary to employ the aid of special canvassers to visit employers and try to secure places for individual men some weeks or days before the latter left their training centres. Actually, the Ministry of Labour used the services of those canvassers who were engaged in finding places for disabled ex-service

men trained under the Disabled Men's Scheme. In addition, steps were taken to enlist the personal interest of employers in the training centres. Employers, having seen the men at work and having noted their general improvement, have often been glad to take them into their works even before the six months' training was over. The urban centres have, on the whole, been more fortunate in these respects than the rural centres in East Anglia. About one-half of the men passing out of the centres up to March 1928 are believed to have found jobs as "journeymen improvers," or labourers in the building trade, others have gone into the various metal trades in the Midlands.

In many industries, however, the ex-trainees have come up against the trade union difficulty. The opposition of trade unions is always a factor to be taken into account in placing the men after their training, and it is not to be expected that the average trade unionist will take kindly to the invasion of his occupation by men who have been half-trained in a Government institution. He always feels that his own trade is already overstocked, or likely to be so at a near date. At one time this feeling was so strong that the official policy of the National Federation of Building Trade Operatives was directed against the admission of these trainees, but, since 1926, there has been less evidence of nationally organised opposition, though local difficulties still occur.

It is to be hoped that, in spite of these obvious stumbling-blocks, the authorities will not be content with a vague policy of training men only for the sake of the moral and physical refit which attendance at an instructional centre can provide. The centres should not be merely a new kind of convalescent home for the unemployed. Along such lines there is no permanent future for them. They might aim at performing a more specific industrial purpose and becoming an indispensable part of our economic machinery. In the labour market every unit of labour is specific; it follows, therefore, that every demand for and supply of labour must be specific too. There is no such thing as a "general" demand, or a "general" supply, of labour. The order of the day in industry is greater differentiation of machines and greater differentiation of types of skilled or semi-skilled workers to man them. Schemes of training can, one hopes, be devised in harmony with this tendency of the age. If necessary, the centres should even be allowed to cater for the labour requirements of particular firms, or groups of firms, in a local industry. Why should they not undertake orders to put men through elementary courses of instruction specially adapted to the prospective employer's purpose? It may be that only a foundation would be laid. Employers would have to finish the training on their own machinery in their own works, but co-operation of this kind between the State and private industry is in the

best interests of both if it diminishes unemployment and renders labour more fluid and adaptable to the ever-changing demands of the industrial machine. The inevitable objection to subsidising employers at the expense of the taxpayers or the unemployment fund would have to be faced and met as far as possible.

It is not, however, likely that training in State institutions can ever be a wholesale matter, even if industry could absorb the output. For one thing, the cost of the training factories to the Exchequer would be forbidding, though much expense might be saved if industry could find ways of playing a larger part in the scheme. In the case of the scheme for disabled men, a large proportion of the 100,000 trainees were never in the instructional factories at all, or only for a short period. They were attached, for training purposes, to small private employers who, in return for a diminishing weekly subsidy from the Ministry of Labour, contracted to teach the men their own trade, or at least complete their training. How far could such a method be applied to the able-bodied unemployed? Certain obvious objections are that it would sometimes be indistinguishable from subsidising an employer for doing that which he would, in the ordinary course, have had to do without any State aid, and that, in the present state of the law, it is impossible to pay unemployment benefit to a man who is under a contract of employment with an

employer, even as a learner. Other difficulties of various kinds could no doubt be raised which might or might not outweigh the merits of such a possible development.

Training and the Rules of Benefit.—It has been said above that the men in training for employment in this country (though not the overseas men) have been paid benefit at the cost of the unemployment fund ; but there is a difficulty here in that, under the rules, any person in receipt of benefit must be instantly available for employment the moment it is offered. The Exchanges might, therefore, be expected, in the course of their duties, to offer to trainees some of the vacancies notified, or to require a personal search for work, thus withdrawing them prematurely from the centres, and upsetting the whole scheme of restorative treatment. If the men refused suitable jobs they would at once lose their benefit and, without that subsistence, not many could carry on with training. In practice, however, no such cases arise, because the Exchanges put the registrations of the trainees on one side and submit other men for the vacancies notified. Hitherto there has been no dearth of suitable men, and it is very unlikely that the temporary removal of the trainees from the labour market has compelled any employer to go without the labour he required.

No one has yet, so far as is known, challenged this action of the Exchanges in turning the blind eye to their obligations to offer work or to require a

search for it. The irregularity is one which it is easy to condone. But if the training schemes are to endure and expand it would be far better to legalise the position. A simple remedy would be to relieve the unemployment fund of all liability in respect of men in training and pay them the same rate of subsistence out of State funds. Already this is done in the case of women in training, in the case of the men in training for overseas,[1] and partly also in the case of the home service men at the rural centres. There is almost as good a case for putting the home service men in the urban centres in a like position. The State already pays for all the training, but it stops short at the maintenance of a certain section of the men.

There is indeed a doubt whether, in principle, the unemployment fund ought legally to bear any portion of the cost. It is a contributory fund and the Minister of Labour is responsible, as trustee, for seeing that it is spent on the benefits contracted for in the scheme. Maintenance during training is not one of those benefits. Another argument is that, regarding the training schemes as part of a wide programme of industrial reconstruction, the facilities of training ought not to be confined to those unemployed persons who are actually on benefit. There are always some of the unemployed who are not eligible for benefit. They may be on the Poor

[1] Partly because both domestic service and agriculture are outside the scope of the Unemployment Insurance Scheme.

Law, and they may often be in peculiar need of the help which a full course at a centre can give. It seems, therefore, that in future the State might well undertake the whole cost, not only of training, but of maintenance during training. This point also arises in the case of juveniles attending Juvenile Unemployment Centres and is referred to below.

Situation of Centres.—Training centres provide one of the methods of draining the swamp of intense unemployment in dwindling trades or derelict areas, and Government action in the provision of more such centres is under way. But it is important that new centres should not be dumped down anywhere. Above all, they should not be in the neighbourhood of the deserted coal mines or in any depressed district. "Migrant" trainees ought, so far as practicable, to be drafted to centres in the areas where they may hope to get employment. It is part of the secret of success that the men should be acclimatising themselves to their new life and picking up new connections during the months of training and while they are under the friendly supervision of the training authority. By this test the Birmingham and Dudley centres are well placed, but the Wallsend centre is less fortunate. The Midlands, London, and the south of England seem to be the most favourable ground for any new extensions.

Juvenile Unemployment Centres.—The evil effects of worklessness upon boys and girls in modern

cities, both as regards their character, health, and future efficiency, have always been so conspicuous that the recognition that "maintenance was not enough" came earlier in their case than in that of the young men. There have always, in emergencies, been voluntary institutions, here and there, which made it their business to provide some care and supervision for such out-of-work juveniles, and the State itself has answered the call, ever since the Armistice in 1918, by the limited provision of Juvenile Unemployment Centres.

Some description of the first experiment in these institutions has already been given in the chapter on "Out-of-work Donation" above, and, in the intervening years since 1918, their general character and purpose have not essentially changed. Unemployed boys and girls between sixteen and eighteen have, in certain areas, been required, as a condition for the receipt of insurance benefit, to attend these centres so that, instead of roaming the streets, they might be afforded some daily supervision and even some instruction of an informal type. As an aid to securing attendance at the centres, fares up to 1*s.* 3*d.* a day may be paid by the Ministry, thus widening the area for which a centre can cater. Physical exercises, recreative occupations, and practical work have been prominent features of the curriculum, but formal instruction was not pressed; it would have been impracticable seeing that attendance was only required for fifteen or

twenty hours a week, and there were daily changes in the personnel of each class. The highest number attending the centres was about 17,000 in March 1919. Since then the numbers have varied from a few hundreds in 1920 to over 10,000 in the General Strike of 1926. The movement, which suffered severely under the Geddes axe, recovered some of its ground in 1923–4, but up to 1928 there have only been enough centres to affect something less than 10 per cent. of juveniles unemployed at any one time.

Three public authorities have been concerned with the centres : the Ministry of Labour, the Board of Education, and the Local Education Authorities, and it is no matter for surprise if they have not always seen eye to eye with one another. Speaking generally, the Ministry of Labour has been the moving spirit and the other authorities have been either doubtful allies or open critics. In the earlier days the costs of the scheme came out of educational funds, the Board of Education paying, without enthusiasm, percentage grants to the local bodies ; but gradually the financial burden has been transferred from educational funds to the Ministry of Labour Vote for the relief of unemployment. Since April 1924 the division of functions has been broadly as follows : the Ministry of Labour certified the necessity of a centre in an area suffering from an abnormal amount of juvenile unemployment and offered to bear the whole cost, while the Local

Education Authority undertook the management of the centre, finding the premises and teachers and syllabus.

The chief defects of the scheme in the eyes of educationists have been its impermanence, uncertainty, and discontinuity. These faults were inherent in the nature of the case, since the centres were dependent on the fluctuating factor of excessive local juvenile unemployment. If the numbers in attendance fell below fifty,[1] the expense could not be justified and the centre was closed. Even more disintegrating was the requirement that all juveniles who were receiving benefit as a condition of attendance must take the first suitable job that came along. They were, indeed, intended to utilise their spare time in searching for work, and it was to this end that attendance at the centre was only for fifteen hours a week as a minimum. It will be noted therefore that the "benefit" policy as applied to the juvenile centres was at variance with the more generous methods of the training centres for young men between nineteen and twenty-nine.

The effect has been that the personnel of the classes has changed from day to day, and that the period of attendance has averaged only about three weeks per juvenile. These are conditions under which no teacher could hope to achieve any measurable results in academic or industrial training, and they serve to explain the hesitation of the

[1] In a few cases thirty instead of fifty was the standard.

education authorities, both centrally and locally, to espouse the scheme. None the less such a criterion is irrelevant to the real objects which the centres were intended to serve. In fact, the verdict on the merits of the scheme has been wholly favourable, when considered, not as a new departure in education, but as a measure of unemployment relief for juveniles. Thus the Committee on Education and Industry (1926) reported that the centres were becoming year by year increasingly valuable in keeping unemployed boys and girls physically and mentally fit, and that many local authorities had, in spite of difficulties, evolved a highly successful technique of management. The interest of the temporary pupils was aroused; they forgot that they were "Out-of-Works" and even forgot that they were at school. The Committee backed up their favourable opinion by recommending that there should be a permanent system of Juvenile Unemployment Centres run by the Local Education Authorities under the supervision of the Ministry of Labour, and that where, for any reason, a local authority was unable or unwilling to play its full part, the Ministry of Labour should undertake all the work. In any case the Ministry should foot the bill. It was this report which paved the way for section 8 of the 1927 Unemployment Insurance Act, enabling the Minister of Labour to draw upon the Unemployment Fund to the extent of 50 per cent. of the cost of centres.

At the same time the report of the Committee revealed, between the lines, a considerable uneasiness as to the logical development of the juvenile centres and their relation, on the one hand, to the ordinary educational facilities and, on the other, to the new problems of industrial training. No one who is acquainted with the problem could fail to see that the centres might have a more ambitious aim than merely to keep boys and girls out of mischief. It is good to prevent their deterioration, but could not something more than a negative ideal be introduced? Could not the teaching be made to bear directly on their future industrial careers? Yet it seems impossible to propose that the unemployed boys and girls should be given a continuous and definite course of vocational or trade training. For one thing, where would the benefit rules be? Moreover, if such a course gave a lad an advantageous start in a skilled or semi-skilled trade, why should the privilege be confined to the unemployed boy only? Even better human material for training could be found among boys at work, who are not claiming benefit. Thus the issue speedily merges into the question of repairing the deficiencies of our secondary and technical education system, and even suggests a revolution in the current methods of industrial training. It will be remembered that the discussion of the young men's training centres came up against the same question mark.

This large and difficult subject cannot be pursued

in these pages. There is, however, this to be said: Here, as in all other parts of the unemployment problem, it is helpful to apply the method of differentiation. Not all unemployed juveniles are of the same kind—they require different treatment according to type. These Juvenile Unemployment Centres have been set up in the larger industrial cities and in some twenty-five coal-mining centres. In the large towns the problem is mainly one of tiding young persons over short spells of unemployment, and some sort of temporary school, on the lines of the existing centres, may well be a near approximation to their needs. Some day, perhaps, they will be linked on to a system of compulsory Day Continuation Schools, instead of standing apart in their present isolation from all other educational institutions. But there is quite another type of unemployed juvenile to be found, particularly in mining districts and other depressed areas. Their unemployment, so far as all local industries are concerned, is often final, and to receive benefit and to mark time in a semi-recreational unemployment centre is not adequate treatment for their more desperate case. Still worse is the lot of those who never having had any insurable employment are ineligible for benefit and under no obligation to attend any centre. Transfer to other industries may well involve a definite course of preliminary training in some institution, and their migration to other districts may often require the establishment of hostels for them to live in. In so far as definite

industrial instruction is given to this or any other category of unemployed juvenile, it is not clear why the nature of the teaching or of the institution should differ markedly from the provision made for the unemployed youths of nineteen to twenty-five years. The needs in both cases would be much the same, and the age differences between them could be recognised by suitable grouping and grading of classes. No such amalgamation is yet in sight, but it is understood that, in some of the new juvenile centres set up in the depressed mining areas during 1928, the principle of more definite technical instruction has already been recognised.

Reference must also be made to the special case of the training of juveniles for migration overseas to Canada or Australia. Both in England and in Scotland certain small schemes exist for the purpose of fitting out unemployed boys for emigration as farm workers, but these are not at present connected with the Juvenile Unemployment Centres or the Ministry of Labour. Voluntary effort, supplemented by Government grants and free passages to the Dominions, comes in here. In one important experiment at Newcastle-on-Tyne, the City Council and the Local Guardians have co-operated with the Overseas Settlement Committee in a scheme for training 200 boys a year on local farms preliminary to their assisted passage to the Dominions. The Salvation Army uses its large estate in Essex for the same purpose; the Church Army has two farms near London; and Dr. Cossar's farms

near Glasgow are another contribution. So that altogether there must be provision of this kind for over two thousand boys a year.

Narrow Scope of the Centres.—Taking Juvenile Unemployment Centres in their present form and accepting them as a valuable moral support for the youthful worker when out of a job, it is necessary to mention certain limiting factors which impede their proper extension and use. Not only is the accommodation often poor and the equipment merely improvised, but the teachers have no security of tenure and in some cases very little co-ordination from their Local Education Authority. Perhaps an even worse fault is that under present conditions the centres deliberately turn from their doors many of those who most need their help. Just as in the case of the centres for young men, the system suffers from being too closely bound up with the Unemployment Insurance Scheme. In the first place it creates an illogical distinction between juveniles of fourteen to sixteen and those of sixteen to eighteen years. The former are in the labour market, but are not admitted into the Unemployment Insurance Scheme. Consequently they cannot be subjected to the same inducement to attend the centres as the older juveniles, whose weekly benefit is made dependent on attendance. It is not, therefore, surprising that the number of these young juveniles who attend voluntarily should be small, and that superintendents of unemployment centres some-

times find that the real mischief to a boy's character is done before he is brought within the scope of the scheme. There is really no justification for this gap in public supervision between the school-leaving age and the insurance age, and a heavy responsibility rests on those educationists who, in 1924, worked up a spurious indignation against Mr. Tom Shaw's draft legislation to make the insurance age the same as the school-leaving age, whatever the latter might be. That proposal had to be dropped because local education officials and others, although still unable to raise the school age above fourteen, or to deal with unemployed adolescents, were determined to hinder any other authority from doing service in the same field.

A further difficulty caused by the insurance rules is that even insured juveniles are, in many cases, disallowed benefit (and consequently are under no obligation to attend the centres) because they have not been in insurable employment for a sufficient period to build up the required credit of contributions in the fund. In April 1928 they were specially singled out for severer treatment under the Act of 1927, which limited the "transitional" concessions as to the required number of outstanding contributions to persons over eighteen years of age. Thus those insurable boys and girls who fall into unemployment before they have built up a reserve of thirty contributions are ineligible for benefit, and the full stringency of the thirty weeks condition has

been enforced upon all juveniles at least two years before it is enforced on all adults. It follows that, unless *voluntary* attendance on a large scale becomes a popular pastime, fewer new centres will be opened and fewer young persons will attend those that are established.

Women's Training.—The re-equipment of unemployed women with a view to increasing their employability has cut a smaller figure recently than the similar efforts in respect of men and boys. In the main, domestic service has been the occupation aimed at, the governing idea being that the great excess of women in war industries had to be assisted after the War to pass back into the only employment which was clamouring for them. These training schemes, like nearly all the others, have been cared for, since 1921, by the Ministry of Labour, but that Department has always worked this scheme through the Central Committee for Women's Training and Employment, which came into being during the early days of the War and was responsible for expending in those years some £600,000 of voluntary funds. Since the War the Committee have had to submit to Government dictation and to depend on Government grants, which have steadily dwindled to about £45,000 a year. Their operations in the matter of training have therefore dwindled to a corresponding degree. None the less, during the years 1921 to 1927, over 50,000 women and girls were trained or assisted under one branch or another of the scheme

and over £1,000,000 was expended. One of the points of policy at issue between the Central Committee and the Government has been the question whether or not women admitted to Home Training Courses should or should not give an undertaking to accept actual employment in resident domestic service at the end of their course. The Committee and many outside organisations continually demanded Government assistance, both for those unemployed women, *e.g.* in the textile trades, who had a regular trade to which they counted on returning when the depression had passed, and also for the provision of other kinds of training than domestic service. They argued that, while much was being spent on relief work for men, the only special provision made for the relief of unemployment among women was the grant to the Committee for training, and that this ought to be extended in amount and freed from restrictions. In 1924 the Labour Government listened to these pleas and the work began to expand, but in less than twelve months the succeeding Conservative Government put on the brake again, and the old restrictions were, in effect, restored. In the interval, however, 352 women were given clerical courses and 145 took what was called "individual vocational training." It is interesting to note that the selection of the women and girls for the Home Training and other courses has been made by the Women's Sub-Committee of the Local Employment Committee,

attached to the Employment Exchanges. Possibly this method of selection may be a precedent for other training schemes. The women attended the courses, which were in many areas managed by the Local Education Authorities, for six hours a day on five days a week for thirteen weeks and received a maintenance allowance of £1 a week during training, from which they were expected to pay 3*s*. a week towards the cost of materials. Girls of sixteen to eighteen received only 10*s*. a week and contributed only 2*s*. for materials. Unemployment benefit was not payable during the period of training.

Lack of Uniformity in Training Schemes.—In this chapter some account has now been given of the schemes of training for young unemployed men, for juveniles, and for women, and it will be noted that all three schemes differ in their methods, management, and rules. Sometimes there is good reason for such differences, and no one should deny the authorities freedom of initiative and experiment in this field of endeavour. But, seeing that one authority, the Ministry of Labour, is at present responsible for all the State schemes, it is difficult to see why some of the divergencies of policy should continue.

The following is a comparative statement of the methods of management, the sources from which the cost of training and maintenance are met, and the application of the "benefit conditions" under the Unemployment Insurance Acts:

Comparison of State Training Schemes for Unemployed Persons (1928)

Type of Centre.	Managed by	How financed.		Duration of Training.
		Training.	Maintenance.	
1. Training Centres for men between 19 and 29 for (*a*) Home employment.	Ministry of Labour	Exchequer	(*a*) Unemployment benefit plus allowances from Exchequer.	Six months. (Benefit rules are suspended.)
(*b*) Overseas employment.	,,	,,	(*b*) Exchequer.	Six months.
2. Juvenile Unemployment Centres.	Local Education Authorities, subject to approval of Ministry of Labour.	Exchequer and Unemployment Fund in equal proportions.	Unemployment Benefit.	No fixed period. Employment is offered as soon as possible under benefit rules.
3. Training for women and girls.	Central Committee and Local Education Authorities, subject to approval of Ministry of Labour.	Exchequer.	Exchequer.	Thirteen weeks.

The chief point at issue is the relationship which crops up here and there between the training schemes and the Unemployment Insurance Scheme. The juvenile centres are practically dominated by the Insurance Scheme, both as regards the finance of training and the application of benefit rules. In the case of the young men, benefit is drawn by one type of trainee, but the usual benefit rules and conditions are not enforced, while the training of the overseas men and the women is entirely divorced from any contact with the Insurance Scheme.

The disadvantages of this occasional intervention of insurance considerations have been already discussed. The general conclusion is that

it would be more logical, and better for the training schemes, if they were recognised as an entirely separate service. The Unemployment Fund should be conserved for its proper objects—the payment of benefit to insured persons who are really available for employment. This would still permit of the payment of benefit to those insured juveniles who, though unemployed, are, in fact, only marking time between jobs. Their case is different from that of the trainees. Ideally all such boys and girls should be required to attend at a school or centre of some kind as the natural alternative to employment even for short spells. But those unemployed persons of any age, for whom definite training or restorative treatment is prescribed, should be transferred to some other fund than the Unemployment Fund for the purpose of maintenance.

Training by Poor Law Guardians.—A few words must be added here regarding the recent emergence of the same idea of "training the unemployed" as one of the resources open to the Poor Law authorities. And, indeed, since most of the Guardians have had to take their share of the burden of maintaining the able-bodied unemployed and have accumulated considerable numbers of such men on out-relief, it is hardly surprising that they also, as well as the Ministry of Labour, should, here and there, have reached the conclusion that a definite course of training was the most hopeful way of restoring some of their helpless clients to inde-

pendence. The Salford Guardians are a case in point. They have announced a project whereby men on out-relief are to be required, first of all, to clear a six-acre site and turn part of it into a motor track. Workshops are then to be erected and the men are to be taught how to drive motors and do running repairs, with a view to qualifying as motor drivers. The Guardians also had schemes for instruction in woodwork and other crafts. As many as 170 men had already, in August 1928, been passed through courses of training and had been placed in situations. On the more extensive scheme the Guardians hoped to employ up to 300 of their able-bodied applicants.

It is believed that other Boards of Guardians have attempted similar developments on a lower plane, some of which would amount to little more than task work to test men's willingness to work. But should the Guardians be attempting such experiments at all? What are their qualifications for undertaking the responsibilities of industrial training? Already we have the Ministry of Labour entering into the field to supplement the functions of the Board of Education and the Local Education Authorities, but there is only too likely to be waste and misdirection of effort if the Ministry of Health and the Poor Law bodies are independently to perform similar functions. It may, for the present, be impracticable to bring all measures for relief of the able-bodied unemployed under a unified scheme,

but there does not seem to be the same difficulty in arranging for the control or co-ordination of all industrial training for the unemployed by one central authority.

4. The Treatment of the Elderly or Infirm. —In the foregoing section emphasis has been laid upon training as a method of restoring the employability of certain important types of unemployed persons, mostly of the younger ages, and it will be generally agreed that these experiments are among the more hopeful of our newer improvisations. But training is not the only way of supplementing the basic provision of maintenance, nor is it appropriate to the needs of many classes of cases where unemployment is associated with some personal disqualification or disability. There are, for instance, the many tragic cases of premature old age or infirmity, and the cases where sickness or neglect of health is the key to a man's failure to secure or retain his place in industry. Such men and women hang on the fringe of every industrial community. They are still in the labour market, but cannot, in times of stress, compete with the able-bodied or the energetic or the steady-going workers in their particular line of employment. From the angle of unemployment insurance, the trouble with the elderly men and the infirm is that they are bad risks for insurance. The official analysis in 1927 showed that 27 per cent. of all the unemployed men were between fifty and sixty-four years of age,

whereas, among insured males as a whole, those ages only represent approximately 18 per cent. Another calculation showed that the insured men of these ages suffered 13·1 per cent. of unemployment as compared with 10·3 per cent. for men of all ages.

It would, of course, be absurd to suggest that all men over fifty who claim benefit are verging on the unemployable. Only a small fraction fall into such a category, but it is that fraction which constitutes the excess and creates the problem from the point of view of unemployment insurance Take the case of the house painter, who, at fifty-five, cannot work on ladders or can only do so at grave risk. He may get twenty-six weeks' work or less in an average year and then draw benefit for long spells, curtailed, in future, by the operation of the rule of thirty contributions in two years, if that is ever enforced. Thousands of elderly labourers are in a like position. Some of them have declined in status after twenty-five years or more of steady work for one employer. That employer fails or, sometimes, simply turns his old servant away. Such men, even in a great centre of employment like London, are a drug in the market, though they may get odd jobs (and insurance stamps) every now and then. There is no old age pension for them until they are sixty-five, and that too is dependent upon stamps. In any case what is to happen in the ten or fifteen years that divide them from the enjoyment of that

ten shillings a week? Ought they to draw benefit up to the maximum to which they are entitled, and ought they to be left to the Poor Law when benefit is exhausted? An earlier pension would be the happier form of maintenance appropriate to their case, but there is scant prospect that money will be found either from insurance or State funds for such a project.

One alternative might be to find, in the holes and corners of the industrial field, light jobs such as watchmen, messengers, etc., suited to their diminished capacities. At present such employment, either temporary or permanent, is relatively scarce and the competition is keen, but the number of openings might be increased, if a lower wage were recognised as admissible. Many of these situations are filled by men who are physically capable of more exacting work, and it would be a very real gain if some system could be introduced into the selection of the men and the distribution of the jobs. Is it possible that here a leaf might be taken out of the book of the disabled ex-service men's scheme? Could employers throughout the land be rallied to create every possible opening for the slightly decrepit, the elderly or the infirm on the lines which have been fairly successful for disabled men since 1918? A permanent King's National Roll might be maintained for the purpose, and it might become a matter of honour for every substantial firm or local authority to enrol. Enrolment would involve a

guarantee that a certain percentage, say 5 per cent., of the labour employed would be of the type here considered, and that work suited to their strength would be made available. Neither industry nor the State can afford to neglect the hard lot of these veterans and casualties, and, in so far as any national effort might lead to the increased supply and better organisation of useful and regular work for them, a great weight of human misery would be relieved. At the same time the Unemployment Fund would be conserved.

One other class that might be singled out from among the general body of the unemployed, with a view to special treatment, is the sick. All workers are, of course, covered by the National Health Insurance Scheme and, as a whole, they make good use of it. But there is a surprisingly large amount of remediable illness, disability and disfigurement which entirely escapes the care of the panel doctor. For one thing there is a considerable gap between illness, which a panel doctor will certify for health benefits, and a full measure of fitness in the industrial sense. Yet these physical complaints impair both the vitality of the individual and his chances of securing employment. Moreover, there are many shiftless people who never even attempt to make the best of themselves physically. Many young able-bodied men, who suffer from sore eyes or loss of voice, have never been near a doctor, nor do they intend to do anything about their

complaint. Yet their employability is often seriously reduced, and they are frequent applicants at the Exchanges and claimants of benefit. It is not a large class that is here referred to, but it is worth attending to. It differs from the class of the elderly and the infirm in that the disabilities are remediable. Clearly the Unemployment Fund should be protected against any unneedful prolongation of claims due to such causes, and, in fact, Exchange managers have power under the Unemployment Insurance Acts to obtain a medical report on the health of any claimant who, in their opinion, is unfit for work and whose claim, therefore, ought to fail under the statutory condition "capable of and available for work." But such a power does not go far and is, apparently, not used except where a man has been absent from work owing to illness and there is doubt whether he is sufficiently recovered to resume. The term "unfit for work" is relative. What is suggested is that a claimant to benefit who, though not necessarily ill, is neglecting some physical complaint, which lowers his eligibility in the labour market, should at once be referred to a doctor for advice and treatment. In due course the acceptance of treatment might be made a condition for the receipt of further benefit, always assuming that the patient was not eligible for sick benefit. The merits of such cases might usefully be assessed by some special interviewing body containing employers and workpeople, *e.g.* the Local Employment Committee.

The arguments set out in sections 3 and 4 of this chapter are directed to show that something more than the weekly payment of benefit is necessary in any constructive scheme of dealing with the various types of unemployed. To treat the man who is deprived of his trade, or the claimant who for any reason is relatively ineligible for employment as if he were in the same category as the efficient and regular worker is, to put it at its lowest, unsound economy, from the point of view of the insurance scheme. And the more generous the insurance benefits, the greater the need to protect them. Firstly, there ought to be careful differentiation between the types of claimant, and then, in select cases, a bold application of any measures which are likely to restore their personal or industrial quality and to shorten their spells of unemployment. Only by such measures can we hope to diminish the stream of those who, though still wage-earners and still in the insurance field, are persons for whom unemployment has become less an industrial accident than a chronic malady.

CHAPTER VIII

Migration from Depressed Areas

In the foregoing discussion of modern methods and institutions for dealing with the unemployed worker, various references have been made to the case of the men and boys from the coal districts who have been left stranded by the slump and disorganisation which have befallen the coal trade since the year 1924 or earlier, and, indeed, scientifically regarded, their case presents scarcely any feature which does not come under one or other of the heads already considered. But in practice the magnitude and urgency of the crisis in what have come to be known as the "depressed areas" have tended to separate it off from the rest of the unemployment problem and caused it to have almost a history of its own.

Coal, and, to a less extent, shipbuilding, have been marked illustrations of the contraction of employment in a localised industry which is the sole or the dominant activity of the district. In every British coalfield, but particularly in South Wales, Durham, Northumberland, and Scotland,

some of the pits have been closed down and dismantled under circumstances which seem to preclude the hope that they will be worked again. Taking Great Britain as a whole, it is officially estimated that as many as a quarter of a million workers have been permanently dispossessed of their traditional and lifelong means of livelihood. With their dependants the number reaches the formidable total of about 800,000 persons. It is perhaps the most melodramatic feature of the economic upheaval since the War, and, although several years have slipped past since the facts of the situation first emerged, it cannot be said that even now, in 1928, any adequate remedial measures are yet in sight. For the majority of the surplus miners, men and boys, migration from their industry involves the even more unpalatable prospect of migration from their homes. For them it is the final act in the long-drawn-out tragedy of coal. But it is more than an individual tragedy ; it means the collapse of the economic life of whole districts.

In South Wales, towns and villages which for generations have been the hives of activity must be left silent and deserted. Nothing less than complete evacuation seems to be in prospect. The movement has, indeed, been going on for some years. Ever since 1924 a few miners have straggled off to seek their fate in the Midland towns, in London, or in the south of England. Some have emigrated ; many have walked the roads, using the casual wards

as their hotels; others have been transferred to vacancies by the Employment Exchanges. For the most part their relatively strong physique has won them a welcome in the unskilled labour market, though often at lower wages and on a lower status than they possessed in the colliery. But these are only a handful, the advance guard. The main army remains behind, helplessly dependent on unemployment benefit or a bankrupt Poor Law, and often unwilling to quit the valleys and towns in which they have lived. Prior to 1928 the only special action taken by the Government (apart from sporadic relief works, which fell into disfavour from 1925 onwards) was an attempt to limit the number of surplus coal workers by securing that the wastage of labour in the working collieries (always relatively high) should be made good from among the industry's own unemployed. Except for the recruiting of juveniles under eighteen years of age, all vacancies were to be filled so far as practicable by adult mineworkers who were out of work. The working of this legislative measure since August 1927 has already been described in Chapter VII above. Clearly it could not be expected to make any great impression on the size of the surplus as a whole.

The first public recognition that the coal crisis had entered on a new phase was the appointment in January 1928 of the Industrial Transference Board, composed of Sir Warren Fisher, Sir John Cadman, and Sir David Shackleton, with the following

reference: "To be a Board for the purpose of facilitating the transfer of workers, and in particular of miners, for whom opportunities of employment in their own district or occupation are no longer available." The impression was at first created that this was to be an executive body—a new official Board, and it is by no means certain that such was not the intention before the members of the Board discovered what they were, so to speak, "up against." They did, in fact, attempt to facilitate transfers in several small ways, such as negotiations with leading employers, increasing the number of training centres, and securing State aid for the removal expenses of married men. But if, like many before them, they were hoping to launch some heroic campaign which would quickly strike at the root of the problem, they were disillusioned by the time their report was drafted.

This report, which was published in July 1928, was by no means a soothing document. It drew a dark picture of the plight of the depressed areas and urged immediate action on a large scale, though as to the precise forms which such action should take the report was vague and somewhat despairing. None the less the Board probably rendered good service in stirring up the official and public minds to the realities of the situation. They rebuked the optimists and denounced the previous easy-going policy which had been "largely one of the tide-over" mingled with schemes of relief works. "The idea

of a transient or cyclical depression must," they said, " now be recognised quite unflinchingly as no longer tenable." There was nothing for it but to transfer the surplus men and boys " to districts, not enjoying immunity from unemployment, but bearing a lighter load." The Dominions, too, must be asked to play a part and urged to open their doors much wider than, judging by the meagre results under the Empire Settlement Act of 1922, they had been recently willing to do. The will to move from their homes and make a fresh start elsewhere must be created in the stranded populations of certain districts. The co-operation of employers in the other industries of Great Britain must somehow be secured, and, above all, State help, both in organisation and money, was indispensable. At the same time they emphasised the important truth that transfer must be a natural process if it was to lead to permanent re-establishment of the workers, and they dismissed the idea that armies of unemployed could be put to road work or reclamation of land wholesale. Training facilities must be developed for the younger men and the juveniles, while, to meet the intractable problem of the older men, experiments in extended afforestation might prove one of the few hopeful measures. The report contemplated that perhaps a thousand holdings might be created by the Government for miners' families, but, seeing that there must be at least 100,000 unemployed miners over thirty-six years of age,

they admitted that this provision would not go far. As to agricultural small holdings, the Board rejected them on the ground of cost. A million pounds spent on such a scheme would, according to the report, settle not more than 500 to 700 families on the land.

The transfer of the boys and younger men was more hopefully envisaged. While it was the most urgent part of the whole transfer problem, it was also more manageable in size. Not much more than 2000 of the boys were estimated to be between sixteen and eighteen, and, say, 45,000 between eighteen and twenty-five. Most of these workers would have a " high transfer value," but in practice much depended on whether the wage offered to a boy in a strange town was sufficient to pay for his board and lodging. There was also the difficulty that parents were often unwilling to let their children leave home for fear of unsatisfactory associations in their new jobs and new surroundings. Here, in the Board's view, was a proper opening for the use of voluntary funds and services.

But, when all was said, individual transference within the home country offered only a bleak prospect, and of mass migration there was no prospect at all. The Board therefore laid great stress, perhaps rather undue stress, on the hopes of extensive migration overseas, and they at once set about the task of stimulating it. Canada and Australia, they said, were each comparable in size

to the United States, but had populations comparable merely to that of London. Moreover, such emigrants as they did admit consisted too much of continental Europeans. In 1927, 82,000 non-British people settled in Canada and 22,000 in Australia. Emigration formalities were too strict and elaborate for British workers. Passage rates must be reduced. Altogether the Board's remarks on emigration were exceedingly critical of the two Dominion Governments.

What will be the ultimate outcome of the Board's report in terms of new measures to assist and re-establish surplus miners and their families? In November 1928 there was little to report. New emigration schemes were being discussed to provide in course of time for annual contingents of a few thousand families, and 8500 unemployed men had been hastily selected and despatched at a cost of £15 per man for temporary work in the harvest fields of Canada. The hope was that a large proportion of these men would find a permanent footing in the Dominion, but the hope was not realised. At home, industrial training was to continue, a few more juvenile unemployment centres had been opened, and intensified canvassing had been conducted by the Employment Exchanges on behalf of the men and boys in the depressed areas. To assist this campaign the Ministry of Labour issued in August a letter of appeal signed by the Prime Minister to 166,000 employers in

Great Britain. In filling up both their industrial and their domestic vacancies, employers were urged to give favourable consideration to the claims of surplus miners submitted by the Exchanges.[1]

Only the first moves have yet been made, and it is too soon to assess their value or success. Up to October 1928, somewhat over one thousand men and boys were being moved from the derelict districts each month. Probably the Exchanges will improve upon this, but it will take a long time to make any real impression on the total surplus. Transfers are bound to be limited by the specialised character of the labour offered, the reserve of the better qualified workers already waiting on the fringe of almost every established industry, and, not least, by the physical and psychological obstacles which always impede the free mobility of large masses of labour. No appeal on grounds of sentiment, however justified, can prevail over these facts.

From the labour standpoint it was easy to criticise this scheme. An ex-miner from the Rhondda might be moved to a vacancy in the Midlands, but that only meant that a local unemployed man was left on the register as a claimant of benefit. Against this the official defence was that London and the Midlands ought, in justice, to take over some of the burden of the depressed districts, and that, in a

[1] The Government's further attempt to speed up transfers by offering to subsidise local relief works in relatively prosperous areas, provided that 50 per cent. of men from the depressed areas were employed thereon, has been mentioned in a postscript inserted at the end of Chapter II.

developing area, new men with new qualities could often be fitted into posts that would otherwise remain unfilled. The latter argument, which was first developed in the annual report of the Ministry of Labour for 1927 and was restated in the report of the Industrial Transference Board, is technically justified by the actual workings of the labour market. If it were not so, direct transference and transfer after training would only be workable in areas suffering from a pronounced shortage of labour. But the doctrine is only true within narrow limits. If large numbers of ex-miners are quickly dispersed, with or without official aid, they can hardly fail to intensify the competition for work in the ranks of low-skilled labour generally and thus lower their standard of life. Such competition may, of course, be beneficial to industry in so far as it raises the standard of the labour employed, but it will not perceptibly reduce the total amount of unemployment. Moreover, the Industrial Transference Board seem to be putting too great a strain on the doctrine when they entertain the idea of equalising the burden and incidence of unemployment all over the country. Carried to its logical conclusion, this would mean that the surplus miners and shipbuilders should be redistributed in Great Britain in the inverse ratio to the percentage of local unemployment, without regard to other vital factors. Fortunately no such result is attainable in practice. These depressed areas with their marked concen-

trations of unemployment may be politically embarrassing to the Government, but that does not mean that the desired reshuffling of the population can safely be forced or hurried. Probably the *rate* of transference is of fundamental importance. It may even be right to retard the rate when the spontaneous movement to the South or Midlands gathers speed. Meanwhile there is another side to the problem: the maintenance of the morale and physical condition of the dispossessed workers while they are awaiting transfer. Some loss of quality is inevitable; it is one of the most sorrowful features of their hard case, and, unless it is checked, many of them will fail to make good their footing when the chance of new employment comes to them.

It is not as if coal were the only industry showing a permanent contraction of employment. The same is true of the heavy metal industries, which, taken as a whole, accounted in August 1928 for over 150,000 men wholly unemployed. Moreover, cotton is rapidly travelling along the same road and cannot permanently mask its true position by the extensive practice of short time. In August 1928, nearly one-fifth of the half-million workers in cotton were wholly out of work or temporarily stopped. This trade, which has known many bad times before, may hope for a measure of recovery in the times ahead, but not without scrapping the small, ill-equipped factories and not without large-scale

amalgamations, all of which will reduce the labour force required. Here again there will be a surplus to be absorbed, and it will differ from the heavy industries in that two-thirds of the dispossessed workers will be women.

But these are large issues on which definite knowledge is still lacking. They must, however, be mentioned as an indication that the efforts made to cope with the immediate problem of the ex-miners may be only the first essays in a new and vital technique affecting the economic life of the nation over many years. Not only coal, but other industries, are in a stage of transition, and large localised accumulations of unemployed workers may become one of the chief problems confronting future Governments.

CHAPTER IX

CONCLUSION

THE main purpose of this study of unemployment has been to record the measures which, up to 1928, have been tried in Great Britain for the treatment and assistance of unemployed persons. The list is already long, but finality is far from having been reached. We must still study the problem with open minds and be prepared to face its ever-changing forms with new initiative.

Already the responsibilities of the State are grave enough. Slowly, through the past century, Governments have come to realise that, if unemployment cannot be eliminated, at least the social distress due to it must be relieved, and relieved by special methods appropriate to the needs of different types among the unemployed. For the last twenty years the doctrine has been accepted that some form of maintenance, outside the Poor Law workhouse, must be provided for the worker during spells of involuntary idleness and cessation of wage-earning. Since 1911 the main emphasis has been laid on the needs of the comparatively steady and

competent worker, who, whenever his trade was in full swing, would command a ready market for his services. State insurance against unemployment has been the remedy, and, for the mass of workers, insurance benefits have proved reasonably appropriate and adequate. Contributory insurance, if it is consistent with its title, is simply a way of spreading out their collective earnings so as to maintain them and their families through the vicissitudes of their callings. Nor will a workman's physical or moral qualities be wrecked, nor his status lowered, if, every few years, he has the misfortune to be "on benefit" for a month or even for three months on end. The enforced holiday will not permanently injure him any more than a similar rest demoralises a Member of Parliament, though he might not enjoy it as much.

But the difficulty to-day which still faces the authorities in framing a complete policy for dealing with unemployment is the same as that on which earlier schemes have come to ruin, namely, that the unemployed are never all of the same kind; no single medicine is good for all. Treat unemployment as a moral or personal problem, as was the way of the nineteenth century, and you are too harsh; it is discovered to be mainly due to the ebb and flow of trade activity. Treat it as a problem of economic fluctuations, provide an honourable maintenance for all unemployed persons, and it turns out after all to be, at least in part, a problem of personal quality

or unfitness for specific work. Added to all this there is now the hard case of a quarter of a million workers who are permanently surplus to requirements in their own local industries.

It is possible, then, to recognise among the general mass of unemployed persons, who claim benefit, three broad categories, not sharply defined, covering many lesser distinctions, but each calling for different treatment at the hands of their fellow-citizens :

(1) The comparatively regular worker who needs, in his spells of unemployment, just the assistance which insurance benefits provide.

(2) The worker who is dispossessed of his trade, but has not, as yet, suffered any loss of quality as a man or as a potential wage-earner. His need is for a new opening and a reasonable opportunity to qualify himself for it.

(3) Persons who, though still in the labour market, suffer from a comparative ineligibility or incapacity to obtain or retain employment. Their lack of quality may be inherent or due to outside causes. In either case they are below the current standard required for regular work.

All these three classes exist everywhere and in every industry, though the second class is particularly concentrated in the " depressed areas."

Special attention has been devoted in the latter part of this book to the group of problems which centre round the third category of the unemployed. It is here that the nucleus of chronic unemployment accumulates, forming at all times a considerable fraction of the total unemployment percentage. Not only does this class put a strain on the insurance scheme, but being still in some measure employed, it clogs the wheels of industry. Workers, both adult and juvenile, have to struggle against the insecurity or other bad conditions of certain employments and against the devitalising effects of prolonged unemployment. Many individuals pull through, but many are dragged downwards both in status and quality. In the labour market it is easy to fall, but hard to rise again. The danger to-day is that the numbers in this third category will be abnormally increased by a heavy quota of workers whose long unemployment in the depressed areas will not leave them unscathed.

For the victims in all three categories a subsistence is the first essential, but, as these pages have shown, the attempt to make the Unemployment Insurance Scheme stretch to cover the needs of all three classes is not working smoothly. For seven years the weekly contributions have been oppressive, yet the fund is heavily in debt; for four years benefit administration has rested on makeshift rules. The whole financial basis of the scheme will have to be recast, not merely in order

to extinguish the debt, but also, if at all possible, in order to reduce the rate of contributions. Benefit ought to be administered in accordance with principles more clearly fixed as regards the duration and type of unemployment which it can appropriately relieve. The motive for such a policy should be, not to economise public funds, but to serve the best interests of the majority of the insured workers themselves. Alternative provision will, of course, be necessary, and such provision will be made partly by the Local Authorities and partly by the State. On the former should fall the duty of relieving the necessities of those workers who, for personal reasons or in emergencies, escape the meshes of any other nets that are spread to maintain them in independence. Some such basic provision will always be needed. On the national authority, presumably the Ministry of Labour, should fall the responsibility for those preventive and restorative remedies which are industrial in character. Acting, if possible, in co-operation with industrial organisations, the State can, on the one hand, promote and enforce the better regulation of industrial practices and, on the other, undertake the training and transfer of unemployed persons, particularly the younger men and women. Such measures are not merely measures of humanity; they are, in the long run, measures of economy both for the State and for industry.

APPENDIX

Summary of Unemployment Insurance Acts, 1920–1927

The following summary gives an outline of the Unemployment Insurance Scheme as in force on April 19, 1928. The actual legal provisions governing the scheme can only be studied by reference to the text of the principal Act passed in 1920 and of the various amending Acts passed subsequently. It should also be noted that some of the provisions on points of detail were made by Regulations and not by the Acts themselves.

1. Insurability.—The following persons are required to be insured :

All persons between the ages of 16 and 65 who are employed under contract of service in Great Britain, including apprentices in receipt of a money payment.

The following persons are *not required to be insured* :

Persons employed in agriculture, horticulture, and forestry.

Persons employed in private domestic service.

(*Note.*—Persons employed in domestic service in any trade or business carried on for gain are insurable.)

Established civil servants.

Persons who are not manual workers and who are receiving remuneration at a rate exceeding £250 a year.

Persons to whose employers the Minister has granted a Certificate of Exception. Such certificates can only be

granted to Government Departments, Public and Local Authorities, Railway Companies, Public Utility Companies (such as gas, water, etc., companies), and employers whose employees have superannuation rights under an Act of Parliament. The Certificate is limited to permanent employees in whose case the Minister thinks insurance against unemployment is unnecessary and the Certificate covers only permanent employees who have completed three years' permanent service.

Female professional nurses and probationers.

Regular sailors, soldiers, and airmen. But reservists, territorials, etc., are insurable during a period of training if they are normally insurable at other times.

Members (other than temporary members) of a police force to which the Police Act, 1919, applies.

Teachers in established posts.

Persons employed as commission agents who are mainly dependent upon some other occupation or who are employed as commission agents by more than one employer and are not mainly dependent upon any one such employer.

Persons casually employed for private purposes. (Casual employment for the purposes of the employer's business is insurable and also casual employment for the purposes of a game or recreation where the employee is engaged or paid through a club, *e.g.* golf caddies engaged or paid through a club are insurable.)

Persons employed in certain part-time subsidiary employments specified in Special Orders made by the Minister.

Share fishermen wholly remunerated by share.

Persons employed by their husbands or their wives.

Persons employed by their parents and receiving no wages or other money payment.

Persons maintained by the employer and not receiving wages or other money payment.

The decision on questions of insurability lies with the

Minister of Labour, but any person aggrieved by a decision of the Minister may appeal to the High Court, and the Minister may, instead of himself deciding any question, refer the question to the High Court.

The following persons may apply for a Certificate of Exemption during the currency of which they are not liable to pay contributions and are not entitled to receive benefit :

(*a*) Persons in receipt of a pension or income of the annual value of at least £26 not dependent on their personal exertions.

(*b*) Persons ordinarily or mainly dependent for their livelihood on some other person.

(*c*) Persons ordinarily and mainly dependent for their livelihood on earnings in an uninsurable occupation.

(*d*) Persons who are employed in a seasonal occupation not usually extending over more than 18 weeks in a year and who are not ordinarily employed in any other insurable occupation.

The employers of persons holding Certificates of Exemption are still required to pay the employer's share of the contribution.

2. Unemployment Insurance Contributions.—Contributions are payable by employers, employed persons, and the Exchequer.

Present Rates of Contribution (since July 2, 1928)

Class of employed persons.	*Employer's contribution.*	*Employed person's contribution.*	*Exchequer contribution.*	*Total contribution.*
Boys aged 16 and 17	4*d.*	3½*d.*	3*d.*	10½*d.*
Girls aged 16 and 17	3½*d.*	3*d.*	2¼*d.*	8¾*d.*
Young men aged 18, 19 and 20.	7*d.*	6*d.*	5¼*d.*	18¼*d.*
Young women aged 18, 19 and 20.	6*d.*	5*d.*	3¾*d.*	14¾*d.*
Men aged 21 to 65	8*d.*	7*d.*	6*d.*	21*d.*
Women aged 21 to 65	7*d.*	6*d.*	4½*d.*	17½*d.*

It is the duty of any person on entering insurable employment to obtain an unemployment book if he has not already obtained one and to hand the book to his employer. It is the duty of the employer to obtain an unemployment book from the employed person at the commencement of the employment.

The employer of an insurable person is, in the first instance, liable to pay the joint contribution of himself and the employed person. This is in general to be done by affixing an unemployment insurance stamp to the unemployment book issued in the name of the employed person. An unemployment book has a currency of one insurance year, ending early in July each year.

In general contributions must be paid before wages are paid. If the employment terminates, contributions must be paid up to date at once. When the unemployment book expires, it must be stamped up to date within six days after expiration.

The employer is entitled to recover the employed person's contribution by deduction from his wages or any other remuneration, but only from wages or remuneration paid for the period to which the deducted contributions apply. The employer cannot recover by deduction from any subsequent payments due to the employed person, but he may recover by legal process in certain cases.

A weekly contribution is payable for each calendar week (Sunday midnight to the following Sunday midnight) during any part of which the person is employed. Only one contribution is payable in respect of each week, although the person may be employed insurably in the same week by more than one employer.

Special arrangements may be made by employers with the Ministry of Labour under which the employer may make a deposit with the Ministry in order to enable him to stamp his employees' books at quarterly or half-yearly intervals instead of at each payment of wages.

Stamps affixed to unemployment books must be date-

cancelled by employers, who must not make any other writing or mark upon the book or stamp.

Employers who fail to pay contributions as required or employed persons who do not comply with the requirements of the Regulations are liable to be prosecuted.

The employers of persons who hold Certificates of Exemption pay only the employer's contribution, by affixing a stamp to a special book issued to exempt persons.

Employers of persons aged 65 or over who are in insurable employment pay the employer's share of the contribution only, and pay it whether or not the employee is in receipt of a State Old Age Pension.

Contributions paid in error may be refunded to a person and to his employer, if the application for such refund is made within six years of the date of payment. The amount of any benefit paid to the employed person in respect of such contributions is deducted before any repayment is made to him.

Seamen serving in the Navy, marines, soldiers, and airmen are entitled (subject to certain exceptions) to receive on discharge a credit of contributions which gives them the same benefit rights as if their period of service with H.M. Forces had been insurable employment. To meet the cost of this, payments are made to the Unemployment Fund by the Admiralty, the Army Council, and the Air Council, and an Exchequer contribution in the usual proportion is added.

3. Unemployment Benefit.—Insured persons between the ages of 16 and 65 who are unemployed and who fulfil the statutory conditions and are not disqualified are entitled to receive benefit at the following rates :

Rates of Benefit.

Class of Insured Person.	*Weekly Rate.* s.	d.
Men aged 21 to 65	17	0
Women aged 21 to 65	15	0
Boys aged 16 and 17	6	0
Girls aged 16 and 17	5	0

Class of Insured Person	*Weekly Rate* s.	d.
Young men not in receipt of dependents' benefit :		
Aged 20	14	0
Aged 19	12	0
Aged 18	10	0
Young women not in receipt of dependents' benefit :		
Aged 20	12	0
Aged 19	10	0
Aged 18	8	0
Dependents' benefit :		
For an adult dependent .	7	0
For a dependent child . .	2	0

Young men and young women aged 18 to 20, if in receipt of dependents' benefit, get the same rates of ordinary benefit as adults aged 21 to 65.

Persons aged 65 and over are not entitled to receive benefit.

Benefit for Dependents. The dependents in respect of whom the above-mentioned additional rate of 7*s.* a week may be paid are as follows :—

A wife living with the claimant or being maintained wholly or mainly by him.

A female person residing with the claimant (male or female) and wholly or mainly maintained by the claimant, if that female person has the care of the dependent children of the claimant.

A dependent husband if he is prevented by physical or mental infirmity from supporting himself and is being maintained wholly or mainly by the claimant, his wife.

A widowed mother, a widowed step-mother, a mother who has not been married or a mother whose husband is permanently disabled and unable to work, if living with the claimant and being wholly or mainly maintained by him or her.

The additional benefit of 7*s*. per week can be received only in respect of one dependent at a time, and is not payable for a wife or female person who is in receipt of unemployment benefit or who is in regular wage-earning employment or is engaged in an occupation ordinarily carried on for profit.

The additional benefit of 2*s*. a week is payable in respect of any child under the age of 14 who is maintained wholly or mainly by the claimant and any child aged 14 or 15 who is under full-time instruction in a day school and is wholly or mainly maintained by the claimant. The 2*s*. may be claimed for a step-child, an adopted child, and an illegitimate child.

Waiting Period and Continuity Rule. There is a waiting period of six days for which no benefit is payable. Once a claimant has completed a waiting period, another waiting period is not required so long as the unemployment is "continuous." The rules under which two or more spells of unemployment can be regarded as one continuous spell so that no fresh waiting period is required are as follows :

Any three days of unemployment within six consecutive days are to be regarded as continuous.

Any two periods of three continuous days are to be regarded as continuous with one another if they are not separated by more than 10 weeks. Sundays are ignored.

Statutory Conditions for the Receipt of Benefit. The conditions for the receipt of benefit are as follows :

(1) That not less than 30 contributions have been paid in respect of the two years immediately preceding the date of the application for benefit.

A person who is during the two years in receipt of a disability pension for a disability contracted during the late War and who, by reason of his disability, fails to satisfy this condition need only prove the payment of 10 contributions instead of 30.

If a person is unfit for work by reason of sickness

during the two years, the period of two years may be extended by the period of sickness, but so that the total period shall not exceed four years.

If a claimant satisfies this condition at the date of his claim, he is regarded as satisfying it for the next three months, and thereafter he must satisfy it at quarterly intervals.

Note. See paragraph below as to the special temporary rules under which this first statutory condition is relaxed for a period after April 19, 1928.

(2) That the insured person proves that since the date of the application he has been continuously unemployed.

An applicant is not regarded as unemployed on any day on which he is following any remunerative or profitable occupation unless that occupation is one that could ordinarily have been followed by him in addition to his usual employment and outside the ordinary working hours of that employment and unless he does not receive more than 3*s.* 4*d.* a day. Again, a person is not regarded as unemployed, although his employment has terminated, during a period for which he continues to receive wages or compensation for the loss of employment substantially equivalent to wages ;

(3) that the claimant is capable of work and available for work ;

(4) that the claimant is genuinely seeking work, but unable to obtain suitable employment ;

(5) that the claimant, if so required, has duly attended an approved course of instruction. [Specially applied to juveniles.]

The following rules apply in regard to these conditions :

A person does not fail to satisfy the conditions merely because he declines an offer of employment in a situation vacant in consequence of a stoppage of work due to a trade dispute.

Similarly, he does not fail to satisfy the conditions merely because he has declined an offer of employment in his usual occupation in his usual district at a rate of wage lower or on conditions less favourable than those which he might reasonably have expected to obtain having regard to those which he habitually obtained in his usual occupation in that district or would have obtained had he continued to have been so employed ; or because he has declined an offer of employment in his usual occupation in any other district at a rate of wage lower or on conditions less favourable than those generally observed in that district by agreement between Associations of employers and employees or, failing any such agreement, than those generally recognised in that district by good employers.

After the lapse of a reasonable interval, a claimant may be required as a condition of receiving benefit to seek and to accept employment of a kind other than his usual employment if it is employment at a rate of wage not lower and on conditions not less favourable than those generally observed by agreement between Associations of employers and of employees or, failing any such agreement, than those generally recognised by good employers.

Transitional Conditions for the Receipt of Benefit.—Up to April 19, 1929, or the end of a benefit year beginning before that date (whichever is the later), a claimant who cannot satisfy the first Statutory Condition (the 30 contributions condition referred to above) may in lieu thereof satisfy the following three conditions :

(1) That eight or more contributions have been paid in the two years before the date of the claim :

or

that 30 or more contributions have been paid at any time ; and

(2) That he is normally employed in insurable employment and that he will normally seek to obtain his livelihood by means of insurable employment; and

(3) That he has during the past two years been employed to such an extent as was reasonable, having regard to all the circumstances of the case and in particular to the opportunities for obtaining insurable employment during that period.

Men who have during the last two years been in receipt of a pension for a disability received in the late War are excused from condition (1) above.

Disqualifications for the Receipt of Benefit. The disqualifications for the receipt of benefit are:

(1) An insured contributor who has lost employment by reason of a stoppage of work which was due to a trade dispute at the factory, workshop, or other premises at which he was employed is disqualified for receiving unemployment benefit so long as the stoppage of work continues.

Separate departments on the same premises may be treated as separate premises for this purpose where separate branches of work which are commonly carried on as separate businesses in separate premises are carried on in separate departments on the same premises.

If the insured contributor obtains other employment during the stoppage of work, this disqualification may, in certain cases, be removed.

The disqualification on the ground of a trade dispute is not imposed if the insured contributor can prove both of the following:

(*a*) That he is not himself participating in or financing or directly interested in the trade dispute which caused the stoppage of work; *and*

(*b*) that the persons who are so participating in or financing or directly interested in the dispute do not

include any members of his own grade or class who immediately before the stoppage were employed at the premises at which the stoppage is taking place.

(2) An insured contributor who loses his employment through misconduct or voluntarily leaves his employment without just cause is disqualified for receiving unemployment benefit for a period of six weeks, or such shorter period as may be determined, from the date when he so lost or left his employment.

(3) An insured contributor is disqualified for receiving unemployment benefit while he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds or while he is resident, whether temporarily or permanently, outside the United Kingdom.

(4) An insured contributor is disqualified for receiving unemployment benefit while he is in receipt of any sickness or disablement benefit under the National Health Insurance Acts, or while he is in receipt of a blind person's pension under Section 1 of the Blind Persons Act, 1920.

Procedure for Deciding Claims. All claims for unemployment benefit (including dependents' benefit) and all questions whether the statutory conditions are fulfilled, or whether a person is disqualified for receiving benefit or otherwise arising in connection with claims for benefit, are determined in the first instance by statutory officers known as "Insurance Officers."

The claimant for benefit may at any time within 21 days from the date on which the Insurance Officer's decision is communicated to him, appeal to a Court of Referees. The Insurance Officer may, instead of himself deciding a claim or question, refer it at once to a Court of Referees.

The Court of Referees, after considering the case, makes a recommendation to the Insurance Officer, and the Insurance Officer, unless he disagrees, gives effect to the recommendation.

If the Insurance Officer disagrees with the recommendation made by the Court of Referees, he refers the case to the Umpire, an officer appointed by the Crown.

Any association of employed persons, or any individual claimant for benefit, may, with the leave of the Court, appeal to the Umpire against a recommendation of a Court of Referees, and the Court will give leave in any case in which it appears to the Court reasonable so to do, having regard to the importance of the principle involved, or to any other special circumstances.

The decision of the Umpire is final and conclusive.

After a claimant has received benefit for 78 days within a period of six months, his claim is reviewed by a Court of Referees.

If benefit is refused on the ground that a claimant is not capable of and available for work, or is not genuinely seeking work and unable to obtain suitable employment, he may renew his application and have it reviewed at intervals of six weeks.

Constitution of Courts of Referees. A Court of Referees consists of an impartial Chairman appointed by the Minister, one or more members chosen to represent employers and an equal number of members chosen to represent insured contributors. Panels of persons chosen to represent employers and insured contributors, respectively, are constituted by the Minister for each district.

Administration of Benefit by Local Education Authorities. Certain local education authorities have undertaken duties in connection with the payment of benefit for boys and girls aged 16 and 17. In the areas of those authorities boys and girls aged 16 and 17 must claim their benefit at the Bureau of the Education Authority.

Arrangements with Associations for the Administration of State Benefit : Indirect Claims. The Minister may make an arrangement, for the administration of State benefit, with any trade union or with a society approved under the National Health Insurance Act, or a body ancillary thereto.

The society or association must be one whose rules provide for payments to its members while they are unemployed.

If such an arrangement is made, the association makes payments to its unemployed members under its rules, and there is repaid to the association a sum equivalent to the aggregate amount which those members would have been entitled to receive as unemployment benefit, if they had made a direct claim for it at an Employment Exchange.

Among the conditions which an association must satisfy as from January 1, 1929, before such an arrangement can be made or continued are the following :—

(*a*) The association's rules must provide for payments to its unemployed members at minimum rates exceeding the amount of State benefit by the following amounts :

	Per Week.	
	s.	*d.*
In the case of men aged 21 or over . .	3	0
In the case of women aged 21 or over .	2	6
In the case of young men and boys . .	1	6
In the case of young women and girls .	1	3

(*b*) The aggregate amount payable in a year to each unemployed member, under the rules of the association, out of its private funds, must be at least :

	s.	*d.*
In the case of men aged 21 or over . .	75	0
In the case of women aged 21 or over .	60	0
In the case of young men and boys . .	37	6
In the case of young women and girls .	30	0

(*c*) The rates payable under the rules by the association out of its private funds must be payable in at least 10 weeks in a year.

(*d*) The rates payable by the association out of its private funds must be payable on each occasion on which a member would be entitled to receive direct payment of benefit if he made a claim at an Employment Exchange.

(*e*) The association must have an effective system of ascertaining the wages and conditions prevailing in every employment, in which its members are engaged, and of obtaining from employers notification of vacancies for employment.

Under such an arrangement the association will pay amounts representing State unemployment benefit to its unemployed members in accordance with its rules, including the provisions detailed above, and if at any time a member exhausts his right to receive private benefit from the funds of the association, the latter will cease to pay to him the amounts representing the State unemployment benefit, but will refer him for further payments to an Employment Exchange.

The Minister may pay to an association having an arrangement a contribution towards the administrative expenses of the association in connection with the arrangement.

4. Miscellaneous.—*Provision for Training.* Grants may be made out of the Unemployment Fund towards the cost of approved courses of instruction for boys and girls of the ages of 16 and 17 years who are insured persons or are normally employed or likely to be employed in an insurable occupation.

Travelling Expenses. If an advance is made to a person for the expense of travelling to a place where work has been found for him by an Employment Exchange and that person satisfies the first statutory condition (see paragraph above), part of the advance may be met out of the Unemployment Fund.

Payments to Poor Law Authorities. If a claimant for benefit pending allowance of his claim is granted outdoor relief by a Poor Law authority in excess of the amount which would otherwise have been granted, the Minister may pay, out of benefit ultimately allowed, the amount of

the excess Poor Law relief to the Poor Law authority instead of to the claimant.

In deciding whether outdoor relief should be given, a Poor Law authority must take account of the whole of any unemployment benefit received by the applicant.

Recovery of Benefit Improperly Paid. A person is liable to repay any benefit improperly received by him by reason of the non-disclosure or misrepresentation by him of a material fact (whether fraudulent or not). Such benefit cannot, however, be recovered by deductions from benefit to which he becomes entitled later if he can show that he received it in good faith and without knowledge that he was not entitled to it.

Abolition of the Power to make Special Schemes. The Minister has no longer the power to make a Special Scheme under which an industry may contract out of the general provisions of the Act. The two existing Special Schemes—namely, those for the insurance industry and the banking industry—remain in existence.

Supplementary Schemes. The Minister may approve a scheme submitted by a joint industrial council or an association of employers and employees for giving additional benefits to insured contributors in any industry.

No part of the funds required for such a scheme is to be derived from the Exchequer.

Legal Proceedings. If any employer or employed person fails to pay any contributions which he is liable to pay or refuses to comply with any of the requirements of the Acts or Regulations, he is liable to a fine not exceeding £20.

In addition to other methods of recovery of unpaid contributions, an employer who is convicted of the offence of failing to pay any contribution may, apart from other penalties, be ordered to pay to the Unemployment Fund a sum equal to the total of all the contributions which he has failed to pay during the two years preceding the date of the offence.

Any person who buys, offers for sale, takes or gives

in exchange, pawns or takes in pawn any unemployment book or used unemployment insurance stamps is liable to a fine not exceeding £20 or to imprisonment for a term not exceeding three months, or to both such fine and imprisonment.

The Minister may recover any sums due to the Unemployment Fund by means of civil proceedings.

If a person has lost any unemployment benefit to which he would be entitled by reason of the failure or neglect of his employer to pay contributions, or to comply with the requirements of the Regulations, that person is entitled to recover summarily from the employer as a civil debt the amount of the benefit so lost. Proceedings may be brought for this purpose at any time within one year after the date on which the employed person would have been entitled to receive the benefit.

Unpaid contributions for the preceding year are entitled to priority in cases of winding-up of companies or of bankruptcy.

Financial Provisions. There is established, under the control and management of the Minister, a fund called the Unemployment Fund into which are paid all contributions, and out of which are paid all unemployment benefit and any other payments payable out of that fund.

The Treasury may advance sums required for the purpose of discharging the liabilities of the Unemployment Fund, provided that the total amount of advances outstanding at any time does not exceed £30,000,000 (subsequently extended to £40,000,000). Interest on such advances is paid out of the Unemployment Fund, and sums advanced are repaid from time to time.

The cost of administration of the Unemployment Insurance Scheme is paid by the Unemployment Fund itself up to a limit fixed at 12½ per cent. of the income of that fund.

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